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CIS

VETERANS' DISABILITY COMPENSATION AND SURVIVORS' BENEFITS AMENDMENTS OF 1981

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE
NINETY-SEVENTH CONGRESS
FIRST SESSION

ON

S. 112, S. 415, S. 416, S. 779, S. 911, S. 915, S. 917, S. 1297, S. 1315, and S. 1317 and Related Bills

---

JUNE 11, 1981

Printed for the use of the Committee on Veterans' Affairs

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VETERANS' DISABILITY COMPENSATION AND SURVIVORS' BENEFITS AMENDMENTS OF 1981

THURSDAY, JUNE 11, 1981

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The committee met, pursuant to notice, at 9:03 a.m., in room 412, Russell Office Building, Hon. Alan K. Simpson (chairman of the committee), presiding.

Present: Chairman Alan K. Simpson (presiding), Senators Alan Cranston and Strom Thurmond.

OPENING STATEMENT OF HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Chairman SIMPSON. Good morning. I welcome you to the Senate Committee on Veterans' Affairs legislative hearing on the proposed cost-of-living increase for service-connected disability compensation.

We are here today to hear testimony on an interesting variety of legislative matters which include issues relating to the VA's loan guaranty program and memorial affairs. As chairman of the committee, I again pledge my personal commitment to meeting the needs of those veterans and the survivors of those veterans who have served and sacrificed in defending this Nation.

The VA's programs designed for those with service-connected disabilities have the very highest priority. Indeed, those programs are the primary mission of the VA and I often make that reminder.

We have a full list of witnesses and a number of bills on the agenda. Witnesses' complete statements shall be made part of the record. Careful examination of the hearing record will be made by me and the committee staff and other members of the committee as we proceed toward the committee markup which is scheduled for June 25.

The committee will be carefully considering the views of all witnesses as it formulates its position on those matters. I remind you now that I have a remarkable machine here in front of me. We are trying to restrict remarks to 5 minutes and this handy plastic device is designed to assist in that. In case you get carried away and if I get carried away, you're defenseless.

If you have any statement, Senator Thurmond, I would appreciate your participation in this committee. I know the tremendous load that you carry as chairman of the Judiciary Committee and Armed Services—that you give the attention you do to the Veterans' Affairs Committee is deeply appreciated.

Senator THURMOND. Thank you very much, Mr. Chairman. We have an able chairman and it's very much a pleasure to work with him.

It is a pleasure to be here this morning and receive testimony concerning a necessary cost-of-living increase for those beneficiaries of the Veterans' Administration compensation program and dependency and indemnity compensation (DIC) program. These benefits, which are contained in title 38, United States Code, are of the highest priority since they represent the primary mission of the VA—care for the service-connected disabled veteran and the dependents of those who have died of a service-connected disability. In addition, this committee will receive testimony regarding a variety of legislative initiatives affecting benefits for individual veterans, benefits for survivors of veterans and, finally, legislation concerning memorial markers for certain deceased veterans.

Mr. Chairman, S. 917, the Veterans' Disability Compensation and Survivors' Benefits Amendments of 1981, provides for an 11.2-percent cost-of-living increase in monthly payments of compensation and DIC. The fiscal year 1982 budget contains adequate funds for this increase and I am hopeful that inflation will not exceed this estimate.

S. 1297, a bill which I introduced, would increase the rates of compensation payable for disabilities involving the loss, or loss of use, of both upper extremities. Under current law, veterans losing the use of either both upper or lower extremities are treated in a similar manner as far as the rate of payment of compensation. I believe this is unfair since the dexterity involved with the loss of upper extremities is tremendous and such veteran is far less capable of caring for his daily needs than a veteran who suffers the loss of his lower extremities.

S. 416 would increase the maximum automobile allowance to $5,000 from the current $3,800, plus, it would provide automobile adaptive equipment to those veterans with certain disabilities of the knees and hips.

Mr. Chairman, these are several of the bills that the committee will consider today that I believe are very important in our efforts to care for our Nation's service-connected disabled veterans. The remaining legislative items are also very important and I look forward to the testimony presented by our list of distinguished witnesses.

Chairman SIMPSON. Thank you very much, Strom.

I know Senator Cranston is here and I know his schedule is varied and full.

Al, do you have any statements you would wish to make? It certainly would be appropriate now or you may leave any questions you wish to ask.

Senator CRANSTON. Thank you very much, Mr. Chairman. I have an uncharacteristically brief statement.

I would like to join you in extending a warm welcome to our distinguished witnesses this morning. It's clear from the length of the witness list and the number of bills involved that much ground will be covered today.

I would note that the major issues before this committee this morning are at the very heart of veterans' benefits. The recognition of the sacrifices made and the hardships incurred by our Nation's veterans are best reflected in our commitment to assuring that we meet the needs of those who bear the scars of battle in service to our country and the dependents and survivors of those veterans who made the supreme sacrifice for our country's security.

As I have often stated and firmly believe, and as you stressed in your remarks today, Mr. Chairman, the needs of veterans who suffer from service-connected disabilities and the survivors of veterans who die from service-connected causes must be our No. 1 priority.

Thus, I am pleased that the committee is moving promptly to seek enactment of a cost-of-living increase in the compensation and DIC programs equivalent to the indexed July 1 social security increase.

Further, Mr. Chairman, I am pleased that you have included on the agenda two measures which I introduced in January—S. 415, a bill to increase the maximum amount payable in specially adapted housing assistance and S. 416, the proposed Veterans' Automobile Assistance and Adaptive Equipment Amendments of 1981—both of which are cosponsored by Senators Randolph, Matsunaga, DeConcini, Thurmond, Stafford, and Mitchell. I welcome the support of the Veterans' Administration for the cost-of-living increases proposed in those bills and ask unanimous consent, Mr. Chairman, that copies of my introductory statements on these measures appear at an appropriate place in the hearing record.

Chairman SIMPSON. Without objection, that will be ordered.

Senator CRANSTON. Finally, Mr. Chairman, I would note that there are some proposals before us this morning on which I do have some serious concerns. I hope that the issues involved in all of the bills will be fully developed by the testimony.

In addition, I will be submitting questions in writing to some of the witnesses this morning. Al, I would ask that we request written responses from the witnesses within 1 week from today at the latest. With markup scheduled on this legislation for 2 weeks from today, this would allow sufficient time for responses for the record to be considered fully by the committee in reaching decisions on the legislation before us. Would that deadline be acceptable?

Chairman SIMPSON. I think that deadline is very appropriate and I would so order.

Senator CRANSTON. Thank you very, very much.

Also, and again finally in this regard, I am deeply concerned that the committee has still not received responses from the VA to questions I submitted to the agency following the April 22 hearing on POW legislation or the May 6 hearing on cost-saving legislation.

I would appreciate your assistance, Mr. Chairman, in securing those particular responses from the VA and in impressing on the agency the importance of providing timely responses for the record so that administration views may be fully considered as we want to consider them in our decisionmaking process.

That concludes my remarks. I regret that I have to leave the hearing at this point. However, I want to assure each witness that your testimony will be fully reviewed and taken into account in my consideration of the legislation before us. Thank you very much, thank you, Mr. Chairman.

Chairman **Simpson**. Thank you, Al, and we will, indeed, be following up on those directives in the committee as to the time which information has been previously requested. I assure you that is being done and I appreciate your being available. I always appreciate the rich participation you give to this committee.

Senator **Cranston**. Thank you very much.

Chairman **Simpson**. The bills S. 112, S. 415, S. 416, S. 779, S. 911, S. 915, S. 917, S. 1297, S. 1315, S. 1317, and other related materials will be placed in the record at this point.

[The texts of the bills, S. 112, S. 415, S. 416, S. 779, S. 911, S. 915, S. 917, S. 1297, S. 1315, S. 1317, previously referred to, the introductory statements, and the agency reports thereon, follow:]

97TH CONGRESS
1ST SESSION

S. 112

To amend section 1003 of title 38, United States Code, relating to memorial areas and appropriate memorials to honor the memory of certain deceased members of the Armed Forces whose remains were buried at sea, have not been identified, or were nonrecoverable.

IN THE SENATE OF THE UNITED STATES

JANUARY 15 (legislative day, JANUARY 5), 1981

Mr. INOUYE (for himself and Mr. MATSUNAGA) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

---

A BILL

To amend section 1003 of title 38, United States Code, relating to memorial areas and appropriate memorials to honor the memory of certain deceased members of the Armed Forces whose remains were buried at sea, have not been identified, or were nonrecoverable.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1003(a) of title 38, United States Code, is amended by striking out "or have been determined to be nonrecoverable." and inserting in lieu thereof ", have been de-

termined to be nonrecoverable or have been donated for use in medical research or training.".

[No. 17]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., June 11, 1981.

Hon. ALAN K. SIMPSON,
*Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: We are pleased to furnish the following comments in response to your request for a report by the Veterans' Administration on S. 112, 97th Congress, a bill, "To amend section 1003 of title 38, United States Code, relating to memorial areas and appropriate memorials to honor the memory of certain deceased members of the Armed Forces whose remains were buried at sea, have not been identified, or were nonrecoverable."

S. 112 would amend section 1003(a) of title 38, United States Code, by striking out "or have been determined to be nonrecoverable," and inserting in lieu thereof, "have been determined to be nonrecoverable or have been donated for use in medical research or training."

The Veterans' Administration is fully in accord with the intent of this bill. Expansion of the qualifying conditions for memorialization as provided in S. 112, we believe, would eliminate an apparent inequity. Presently, memorialization recognizes and honors the loyal services and sacrifice of certain persons whose remains cannot be interred but does not honor those individuals who further sacrifice themselves for the betterment of mankind, for example, by donating their bodies to science. We believe recognition and honor are also due these persons. In addition, allowing eligible the choice of memorialization without interment will have the beneficial effect of reducing the demand for gravesites in our national cemeteries.

We believe, however, that passage of the bill, as proposed, would create an inconsistency in existing legislation. As title 38 presently provides, section 906(b) authorizes the Administrator to furnish a memorial headstone or marker for any veteran for placement in a private or local cemetery or in a national cemetery reserved for such purpose under the provisions of section 1003. We believe that the language in sections 1003 and 906 should be simultaneously amended to be made consistent with each other to achieve uniformity in the implementation of both sections. H.R. 1714, for which the Veterans' Administration submitted a favorable report on May 14, 1981, and S. 779, introduced by Senator Stafford, successfully address these concerns. In addition, S. 779 would allow memorialization for veterans whose remains were cremated and the ashes scattered without interment. Therefore, while we favor the intent of S. 112, we believe the provisions of S. 779, which would allow for memorialization of veterans whose remains were cremated and which also amends both sections 906 and 1003, are preferable.

We believe that enactment of this bill would result in minimal cost to the Veterans' Administration.

For the reasons stated above, we oppose enactment of S. 112.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

CONARD R. HOFFMAN,
(For and in the absence of
Donald L. Custis, M.D.
Acting Administrator.)

INTENTIONAL
BLANK

[No. 22]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

Executive Office of the President,
Office of Management and Budget,
Washington, D.C., June 30, 1981.

Hon. Alan K. Simpson,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This is in response to your request of May 4, 1981, for the views of this Office on S. 112, a bill "To amend section 1003 of title 38, United States Code, relating to memorial areas and appropriate memorials to honor the memory of certain deceased members of the Armed Forces whose remains were buried at sea, have not been identified, or were nonrecoverable."

S. 112 is similar in purpose to another bill, S. 779, that is pending before your Committee. In testimony on June 11, 1981, the Veterans' Administration indicated its preference for enactment of S. 779, with certain modifications, and therefore opposed S. 112. We concur with the views expressed by VA and, accordingly, do not favor enactment of S. 112.

Sincerely,

James M. Frey,
Assistant Director for
Legislative Reference.

(1)

II

97TH CONGRESS
1ST SESSION

S. 415

To amend title 38, United States Code, to increase the maximum amount payable in Veterans' Administration specially adapted housing assistance, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 5 (legislative day, JANUARY 5), 1981

Mr. CRANSTON (for himself, Mr. RANDOLPH, Mr. MATSUNAGA, Mr. DECONCINI, and Mr. THURMOND) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

---

A BILL

To amend title 38, United States Code, to increase the maximum amount payable in Veterans' Administration specially adapted housing assistance, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 802 of title 38, United States Code, is amended by—

(1) striking out "$30,000" and inserting in lieu thereof "$35,000";

(2) striking out "him" each place it appears and inserting in lieu thereof "such veteran"; and

(3) striking out "his" in clause (3) and inserting in lieu thereof "such veteran's".

[From the Congressional Record, Vol. 127, No. 21, pp. S1063-S1064—Senate, Feb. 5, 1981]

SPECIALLY ADAPTED HOUSING ASSISTANCE FOR VETERANS

Mr. CRANSTON. Mr. President, I am introducing today, on behalf of Senators Randolph, Matsunaga, DeConcini, Thurmond, and myself, S. 415. This measure would increase from $30,000 to $35,000, effective October 1, 1981, the maximum amount payable by the Veterans' Administration in specially adapted housing assistance to certain veterans with total and permanent service-connected disabilities.

BACKGROUND

Under the program of specially adapted housing assistance for disabled veterans provided for in chapter 21 of title 38, United States Code—often referred to as the "wheelchair home" program—the VA assists veterans with certain permanent and total service-connected disabilities in acquiring suitable housing with adaptions made necessary by the nature of their disabilities. Under current law, these disabled veterans are eligible for a grant not to exceed 50 percent of the cost of the home and the necessary land, up to a maximum of $30,000.

Veterans eligible for housing assistance grants are principally quadraplegics, paraplegics, amputees, and others who require the use of a wheelchair, braces, or crutches to move about. Their disabling conditions may require ramps, special bathroom equipment, extra-large rooms and hallways, and other adaptations that are essential for their health and safety.

NEED FOR AN INCREASE

Mr. President, this bill would provide for an increase, effective October 1, 1981, in the maximum amount of specially adapted housing assistance from $30,000 to $35,000 in order to help keep pace with increased housing costs since the time of the last increase on October 1, 1978. The bill would also make certain technical changes in chapter 21.

When originally enacted in Public Law 80-702 in 1948, the specially adapted housing program provided for assistance of up to $10,000. At that time, the average cost of construction for a new single-family residence was $7,800. Housing construction costs have risen steadily since then, and the maximum amount of assistance has been increased on four occasions. The last increase was made by Public Law 95-476, which raised the maximum to $30,000, effective October 1, 1978. At that time, the average cost for the construction of a specially adapted home was estimated to be $66,000. Since then it appears, based on data provided by the National Association of Home Builders, that the average cost of such a home has risen to $75,700. By raising the maximum limit from $30,000 to $35,000, our bill would enable a majority of veterans who are eligible for this benefit to obtain assistance approximating 50 percent of the cost of the home and thus help meet the needs of this special group of veterans.

Preliminary estimates by the Congressional Budget Office indicate that the first-year—fiscal year 1982—cost of our proposal would be $2.6 million and the 5-year cost would be $12.4 million.

Mr. President, I ask unanimous consent that the text of S. 415 be printed in the Record at this point along with a document showing the changes that the measure would make in current law.

There being no objection, the bill and changes were ordered to be printed in the Record, as follows:

* * * * * * *

II

97TH CONGRESS
1ST SESSION

S. 416

To amend title 38, United States Code, to increase the maximum amount of the automobile assistance provided to certain severely service-connected disabled veterans, to extend eligibility for the provision of automobile adaptive equipment to certain other service-connected disabled veterans, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 5 (legislative day, JANUARY 5), 1981

Mr. CRANSTON (for himself, Mr. RANDOLPH, Mr. MATSUNAGA, Mr. DECONCINI, and Mr. THURMOND) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

---

A BILL

To amend title 38, United States Code, to increase the maximum amount of the automobile assistance provided to certain severely service-connected disabled veterans, to extend eligibility for the provision of automobile adaptive equipment to certain other service-connected disabled veterans, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans' Automobile Assistance and Adaptive Equipment Amendments of 1981".

SEC. 2. Section 1902 of title 38, United States Code, is amended—

(1) by striking out "he" each place it appears and inserting in lieu thereof "the Administrator";

(2) in subsection (a), by striking out "$3,800" and inserting in lieu thereof "$5,000"; and

(3) in subsection (b), by—

(A) inserting "(1)" before "The";

(B) striking out "his" and inserting in lieu thereof "such person's"; and

(C) adding at the end the following new paragraph:

"(2) In the case of any veteran (other than an eligible person) who is entitled to compensation under chapter 11 of this title for ankylosis of one or both knees, or one or both hips, the Administrator, under the terms and conditions set forth in section 1903 (a), (c), and (d) of this title and under regulations which the Administrator shall prescribe, shall provide such adaptive equipment to overcome the disability resulting from such ankylosis as is (A) necessary to meet the applicable standards of licensure established by the State of such veteran's residency or other proper licensing authority for the operation of such veteran's automobile or other conveyance by such veteran, or (B) determined to be necessary by the Chief Medical Director for the safe operation of such automobile or other conveyance by such veteran.".

SEC. 3. Section 1903(b) of title 38, United States Code, is amended by striking out "he" and inserting in lieu thereof "the Administrator" and striking out "his" both places it appears and inserting in lieu thereof "such person's".

[From the Congressional Record, Vol. 127, No. 21, pp. S1064-S1065—Senate, Feb. 5, 1981]

VETERANS' AUTOMOBILE ASSISTANCE AND ADAPTIVE EQUIPMENT AMENDMENTS OF 1981

Mr. **CRANSTON**. Mr. President, I am introducing today S. 416, the proposed Veterans' Automobile Assistance and Adaptive Equipment Amendments of 1981. Joining me as cosponsors are Senators Randolph, Matsunaga, DeConcini, and Thurmond. This measure would increase the amount of the automobile assistance allowance provided by the Veterans' Administration to veterans with certain severe service-connected disabilities and would extend eligibility for the provision of automobile adaptive equipment to certain other service-connected disabled veterans.

AUTOMOBILE ASSISTANCE ALLOWANCE INCREASE

The program of automobile assistance—now codified in chapter 39 of title 38, United States Code—was established by the Congress in Public Law 79-663, enacted in 1946. Under this program veterans who have suffered the service-connected loss or loss of use of one or both feet, or one or both hands, or service-connected blindness are entitled to a one-time VA grant to assist them in purchasing an automobile

Public Law 91-666, enacted in 1970 and which I authored, increased effective January 11, 1971, the maximum amount of the allowance payable toward the purchase of an automobile or other conveyance from the original allowance of $1,600 to $2,800. According to the Senate report accompanying the Senate version of H.R. 370—Senate Report No. 91-1232, page 14—this increase was enacted in order "to reestablish, to an effective degree, the comparability which originally existed between the cost of an automobile or other conveyance and the monetary assistance provided for its purchase."

In 1974, I again authored legislation, Public Law 93-548, to increase the amount of the allowance to $3,300, effective February 1, 1975. An increase to the current level—$3,800—was provided for by enactment of my proposal in Public Law 95-479, effective October 1, 1978. Since the effective date of this last increase, the Bureau of Labor Statistics' Consumer Price Index component for new automobiles had risen 16.98 percent as of the end of fiscal year 1980. According to Congressional Budget Office projections, this component will increase another 12.87 percent by October 1, 1981.

Hence, Mr. President, the measure I am introducing today would increase the automobile assistance allowance to $5,000 effective October 1, 1981—an increase of $1,200—so as to help insure that the value of this benefit keeps pace with inflation.

EXTENSION OF ELIGIBILITY FOR ADAPTIVE EQUIPMENT

Mr. President, in 1970, Public Law 91-666 also provided for the VA to furnish—in addition to the automobile assistance allowance—necessary adaptive equipment and installation, maintenance, and replacement for those eligible for the allowance. Pursuant to DVB circular 20-76-105 and D.M. & S. Circular 10-75-137, payment for the adaptive equipment is generally made by reimbursement to the veteran of the appropriate cost of the equipment.

Service-connected disabled veterans who have not actually suffered an amputation, but who have incurred serious injury resulting in the loss of use of an extremity are eligible for this payment. However, there are veterans who have incurred certain disabilities which can preclude them from safely operating a motor vehicle that has not been adapted but who are not so eligible under current law.

Specifically, service-connected disabled veterans who suffer from ankylosis—the stiffening of a joint as the result of abnormal bone fusion—of the knees or hips at so-called favorable angles do not meet the VA's criterion for the requisite determination that the veteran has suffered the "loss of use" of a lower extremity. VA data indicate that 2,512 veterans are in receipt of service-connected compensation for such a disability.

Although veterans who suffer from ankylosis of the knees or hips at an unfavorable angle meet the VA's "loss of use" criterion and are therefore eligible for adaptive equipment assistance, veterans who suffer from ankylosis at favorable angles do not qualify for either the automobile award or the adaptive equipment assistance. However, in some cases, these veterans may need special adaptive equipment—such as left-foot accelerators, power brakes, hand-held parking brakes, or automatic transmissions—before they can safely operate their motor vehicles.

In my view, it is appropriate that the Federal Government assist these veterans in bearing the cost of the adaptive equipment they need in order to operate a motor vehicle. Based on our research to date, this category of service-connected disabled veterans is the only category of such veterans who need automobile adaptive equipment and who are not considered to have lost or lost the use of one of their limbs. However, I would certainly want to explore this question further at hearings on the measure we are introducing today.

Our proposal, would extend, effective October 1, 1981, eligibility under specified circumstances for an adaptive equipment award to a veteran who is entitled to service-connected compensation for ankylosis of one or both knees, or one or both hips but who is not considered to have lost the use of a lower extremity. In such cases, the award would be made to provide such adaptive equipment to overcome the resulting disability as is necessary for the veteran to satisfy his or her State's drivers' licensing laws or regulations, or as is determined to be necessary by the VA's Chief Medical Director, to operate his or her motor vehicle safely.

This portion of the measure I am introducing today is based on resolution No. 515, "Liberalization of Automotive Adaptive Equipment for Certain Veterans," adopted by the Disabled American Veterans at their annual convention last summer. In this regard, I want to express my appreciation for the DAV's help and cooperation in developing this provision.

COST ESTIMATE

Mr. President, according to preliminary cost estimates received from the Congressional Budget Office, the first year—fiscal year 1982—cost of my proposal would be $1.7 million, $0.8 million for the increase in the automobile assistance allowance and $0.9 million for the extension of eligibility for adaptive equipment. The total 5-year cost is estimated to be $6.8 million.

I ask unanimous consent that the text of the bill along with a document showing the changes it would make in existing law be printed at this point in the Record.

There being no objection, the bill and the changes were ordered to be printed in the Record, as follows:

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[No. 23]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., June 30, 1981.

Hon. ALAN K. SIMPSON,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of May 4, 1981, for the views of this Office on S. 416, a bill "To amend title 38, United States Code, to increase the maximum amount of the automobile assistance provided to certain severely service-connected disabled veterans, to extend eligibility for the provision of automobile adaptive equipment to certain other service-connected disabled veterans, and for other purposes."

In testimony before your Committee on June 11, 1981, the Veterans' Administration indicated that it favors the increase from $3,800 to $5,000 in the maximum automobile allowance for automotive adaptive equipment proposed in S. 416. VA further indicated its reasons for opposing the provision of this bill enlarging the class of veterans eligibile for automobile adaptive equipment.

We concur in the views expressed by VA in its testimony and, accordingly, favor only that portion of S. 416 raising the maximum automobile allowance to $5,000.

Sincerely,

JAMES M. FREY,
Assistant Director for
Legislative Reference.

(1)

[No. 33]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

Veterans' Administration,
Office of General Counsel,
Washington, D.C., July 13, 1981.

Hon. Alan K. Simpson,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: We are pleased to respond to your requests for the views of the Veterans' Administration regarding certain bills introduced in the 97th Congress to modify the service-connected disability and dependency and indemnity compensation programs, the need-based pension and Medal of Honor pension programs, and the automobile assistance and adaptive equipment program. Those bills are as follows:

S. 416, the proposed "Veterans' Automobile Assistance and Adaptive Equipment Amendments of 1981".

S. 911, a bill to amend section 562 of title 38, United States Code, to authorize the payment of a special pension to the surviving spouses of persons awarded the Medal of Honor.

S. 1059, a bill to amend title 38, United States Code, to reduce certain disability compensation awards by the value of social security being received by the payee.

S. 1060, a bill to amend section 314 of title 38, United States Code, to permit veterans with disabilities rated at either 10 or 20 per centum to elect to receive a single lump-sum compensation benefit as an alternative to the existing schedule of monthly payments.

S. 1061, a bill to amend section 3105 of title 38, United States Code, to authorize, with respect to persons eligible to receive certain types of retirement pay as well as pension or compensation from the Veterans' Administration, the inclusion of both such categories of benefits in a single periodic payment.

S. 1062, a bill to amend chapter 23 of title 38, United States Code, to limit non-service-connected burial benefits to veterans with adjusted incomes of $20,000 or less or with net estates of $200,000 or less.

S. 1063, a bill to amend section 906 of title 38, United States Code, to repeal the Administrator's authority to permit reimbursement for the cash equivalent of an official headstone or marker.

S. 1064, a bill to amend section 314 of title 38, United States Code, to provide that veterans with service-connected disabilities rated at either 10 or 20 per centum shall be paid compensation on an annual rather than monthly basis.

S. 1297, a bill to amend title 38, United States Code, to increase the compensation payable to veterans who have lost or lost the use of both upper extremities as the result of service-connected disability.

S. 1315, a bill to amend title 38, United States Code, to provide that the pension of a veteran who is blind as a result of a non-service-connected disability and who is being furnished hospital care by the Veterans' Administration in a Veterans' Administration center operated exclusively for the rehabilitation of blinded veterans shall not be reduced because the period of care of such veteran extends more than 3 months.

S. 1317, a bill to amend title 38, United States Code, to provide that remarriage of the surviving spouse of a veteran after age 62 shall not result in termination of dependency and indemnity compensation.

Each of these bills has been the subject of testimony by officials of the Veterans' Administration at hearings before the Committee. On May 6, 1981, Dorothy Starbuck, the Chief Benefits Director, testified concerning S. 1059, S. 1060, S. 1061, S. 1062, S. 1063, and S. 1064. On June 11, 1981, John Hagan, Deputy Chief Benefits Director, testified concerning S. 416, S. 911, S. 1297, S. 1315, and S. 1317. We have enclosed copies of that testimony, which represents the views of the Administration on those bills.

We were advised by the Office of Management and Budget in regard to our testimony before the Senate Committee on Veterans' Affairs on May 6, 1981, and June 11, 1981, that there was no objection to the presentation of that testimony from the standpoint of the Administration's program.

We appreciate this opportunity to be of service to the Committee.

Sincerely yours,

ROBERT E. COY,
Acting General Counsel.

Enclosures.

STATEMENT OF DOROTHY L. STARBUCK, CHIEF BENEFITS DIRECTOR, VETERANS' ADMINISTRATION BEFORE THE SENATE COMMITTEE ON VETERANS' AFFAIRS MAY 6, 1981

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE: I am pleased to be here to discuss those proposals under consideration this morning which would affect programs administered by the Department of Veterans' Benefits. I will address first the 3 bills concerning our education and training programs, and then comment on the various disability compensation and burial benefits measures.

I. EDUCATION AND TRAINING PROPOSALS

S. 1065

Mr. Chairman, S. 1065, which you recently introduced, would terminate the education loan program administered by this agency.

This program, which was enacted in Public Law 93-508, effective January 1, 1975, grew out of Congressional concern that veterans residing in certain States where education was not heavily subsidized, or who chose to attend a private institution, were, in effect, unable to do so even with Veterans' Administration assistance because the tuition cost exceeded the veterans' resources. The program was designed as a supplemental program to fill the gap between the veterans' available income and the cost of an education. Eligibility for these loans has been extended to those individuals participating in the contributory education program, to eligible dependents training under the Survivors' and Dependents' Education Assistance Act, and to veterans commencing flight training after October 1, 1980.

Mr. Chairman, we are currently reviewing the education loan program in the context of developing our fiscal year 1983 budget requirements, and therefore do not have an Administration position on S. 1065 at this time.

S. 1066

S. 1066 would terminate eligibility for GI Bill educational assistance benefits after 5 years with respect to any otherwise eligible veteran whose adjusted gross income is $20,000 or more.

Under the current GI Bill program, we pay a veteran a stated monthly payment which is based upon the rate of educational pursuit and the number of dependents the veteran has. The present law does not provide for any reduction in the amount of educational assistance an individual may receive based on the individual's income from employment or other sources.

We believe this practice should continue. To limit the educational assistance benefit based on income could discriminate against an individual who might be at a specific income level but who could, through educational advancement, improve his or her personal lot. In addition, we can foresee that some income earners receiving a specified income in 1 year, with no income or greatly reduced income in the following year, being foreclosed from educational pursuits for purposes of training in a different discipline.

We believe that enactment of a provision such as is proposed in S. 1066, whereby an individual is not entitled to any educational assistance if, after having been out of service for 5 years, he or she receives gross income of $20,000 or more in any subsequent year, would penalize those who have made some progress toward readjustment and prove to be a disincentive to their further betterment.

Thus, we are opposed to the proposal contained in S. 1066 which would associate educational assistance benefits with an individual's wage.

S. 918

The Veterans' Administration strongly urges the enactment of S. 918, which proposes to terminate our authority to provide educational assistance for the pursuit of flight training by veterans and pursuit of correspondence training by veterans and other eligible persons.

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We believe the flight and correspondence training programs have not met the objective of providing substantial employment for those trained, and that many have used these programs primarily for recreational or avocational purposes. This position is bolstered by three reports made in recent years concerning these programs—by the VA in July 1978, by the General Accounting Office in August 1979, and by our Inspector General in September 1979. To highlight just one study, the Comptroller General's report of August 1979 revealed that, in a random sample of recent flight trainees, only about 16 percent had full-time jobs directly related to such training. Moreover, only about 34 percent of those who completed correspondence training had full-time jobs directly related to their training, and the overall course completion rate for correspondence training was less than 50 percent.

In enacting all three of the GI Bill programs, beginning in 1944, Congress intended that the educational assistance provided by the VA would be a readjustment benefit, to restore lost educational opportunities and to assist the individual in attaining an educational or vocational status which, but for his or her service, would have been reached. Because the flight and correspondence training programs have not provided substantial employment for those trained, and the potential for continued abuse remains, the Veterans Administration strongly supports their termination. This would result in fiscal year 1982 savings of $32.2 million.

II. DISABILITY COMPENSATION PROPOSALS

I would like to turn now to S. 1059, S. 1060, S. 1064, and S. 1061, each of which would affect the service-connected disability compensation program. The basic purpose of the compensation program is to provide relief from the impaired earning capacity of veterans who are disabled as a result of military service. Mr. Chairman, there are currently more than 2.3 million veterans who, as a result of a service-incurred or service-aggravated disability, are entitled to receive compensation benefits under chapter 11 of title 38, United States Code. Almost 1.2 million of those veterans served during World War II; approximately 235,000 served during the Korean conflict; and 556,000 served during the Vietnam era.

S. 1059

The Veterans' Administration has, pursuant to section 355 of title 38, United States Code, adopted a Schedule of Rating Disabilities, found in part 4 of title 38 of the Code of Federal Regulations. In addition, we have adopted regulations to take into consideration the impact of a severe service-connected disability or disabilities on a veteran's employability. Under 38 CFR § 4.16, a veteran whose schedular rating for a single disability is not less than 60 percent (or 70 percent for a combination of disabilities) may be awarded compensation at the totally disabled rate if, as a result of disability, the veteran is unemployable. These determinations are made on a case-by-case basis and are informally known as "individual unemployability" or "Code 18" cases.

As of April 1981, 112,128 veterans were receiving compensation at the 100-percent rate on the basis of individual unemployability, as compared to 130,590 veterans with 100 percent schedular ratings. Mr. Chairman, S. 1059, which you introduced on April 30, 1981, is intended to reduce the payment of compensation benefits to Code 18 veterans who are eligible for Social Security benefits by reason of disability or having reached age 65. Under this measure, the amount of compensation would be limited to the greater of the Code 18 rate reduced by the value of the Social Security benefits payable, or the compensation benefit payable by virtue of the veteran's schedular rating. Mr. Chairman, we cannot be certain at this point as to how many Code 18 veterans would be affected by this provision. However, it seems probable that a significant portion of those veterans currently receiving Code 18 benefits are, by reason of age or disability, also eligible to receive Social Security benefits.

Substantial cost savings to the VA would arise if S. 1059 is enacted. If one assumes an effective date of October 1, 1981, and an average reduction in monthly compensation payments of $500, affecting one-quarter of the 112,000 Code 18 veterans, fiscal year 1982 compensation outlays would be reduced approximately $154 million, and budget authority costs by $168 million. However, if the provision were revised to apply only prospectively, the reduction in fiscal year 1982 compensation costs would be, of course, substantially less.

Mr. Chairman, we are currently reviewing this proposal but have not yet formulated an agency position.

S. 1060

We would next like to discuss S. 1060 and S. 1064, since both would amend methods of payment to veterans in receipt of disability compensation based on 10-percent or 20-percent evaluations. S. 1060 would grant discretionary authority to the Administrator to offer such veterans a one-time, lumpsum payment in lieu of the future monthly payments each would otherwise potentially be entitled to receive. The lump sum would be computed using a present value formula set out in the bill. Once the offer is made, the veteran would have 60 days to accept it.

The current disability compensation program is conceptually designed to permit appropriate response by the Veterans Administration to changes in the severity of a veteran's service-connected disability. The percentage evaluation assigned for a particular disability is governed by application of the criteria contained in the Schedule for Rating Disabilities to *current* medical findings. For the reasons discussed below, VA opposes enactment of both S. 1060 and S. 1064.

We foresee a number of problems resulting if S. 1060 is enacted. It has been our experience that many disease-based disabilities (such as hypertension and diabetes) typically follow a course of increasing severity.

S. 1060 would not permit award adjustments for a veteran becoming entitled to the assignment of a higher disability evaluation subsequent to a lump-sum payment being made.

Conversely, certain disabling conditions such as fractures or hemorrhoids, which initially warrant the assignment of a 10-percent or 20-percent evaluation, may improve so as to warrant no more than a 0-percent evaluation subsequent to the payment of a lump-sum amount.

Other adjustments would also be foreclosed. For example, currently, under certain conditions involving hospitalization or surgery for a service-connected disability, a veteran is entitled to the temporary assignment of a 100-percent evaluation in place of the evaluation otherwise assigned. Again, we foresee a problem where the veteran has already received a lump-sum payment.

Another problem area concerns a veteran who, for example, initially had two service-connected disabilities, one evaluated at 10 percent and the other at 0-percent. Assume that subsequent to a lump-sum payment for the 10-percent disability, the severity of the 0-percent disability increases to a level warranting the assignment of a 20-percent evaluation. Under current authority, the 10-percent and 20-percent evaluations would be combined to a 30-percent evaluation. The language of S. 1060 is not instructive as to how such a situation should be handled.

Other program problems of concern are the effect of such lump-sum payments on the current requirements that military retired pay be waived in order to receive disability compensation payments; that an incompetent, single, hospitalized veteran whose estate is in excess of $1,500 is not entitled to payments; and that certain incarcerated veterans' compensation payments are subject to reduction during their incarceration.

S. 1060, if enacted, would provide the option for a lump-sum payment to certain categories of veterans and not to others. We are unaware of sound reasons for extending this opportunity only to those veterans with 10-percent or 20-percent evaluations and not to all veterans. It is unclear from the bill, as drafted, whether such offers must be made in all cases in which 10- or 20-percent ratings are assigned, or whether some discretion would be permitted for cases in which future adjustments are more likely. If discretion were permitted, based upon regulations yet to be conceived, to what extent would such issues burden the claims adjudication process? How accurate would predictions of "stability" of disabilities be, since all would necessarily be grounded in the *current* state of medical knowledge?

It is also unclear whether the VA could make the offer of a lump-sum payment to each covered veteran only once or at regular intervals.

Time limitations have not permitted formal costing of this proposal. We have, however, roughly estimated that the costs for the first fiscal year following enactment would be in excess of $4 billion dollars to make a lump-sum payment to veterans with 10-percent evaluations. This figure was computed assuming that one-half of those evaluated at 10 percent (446,814) would accept the offer; that the average life expectancy was 20 years; and that the average payment to each would be $10,000. (Discounting was not taken into consideration in this preliminary estimate.) Savings would not accrue until the second fiscal year after enactment.

S. 1064

S. 1064 would also affect those veterans whose disabilities are assigned 10-percent or 20-percent evaluations by providing that each would receive one payment yearly representing the total of the monthly payments due them for the preceding year. Administratively, this proposal would impose a greater implementation burden than that incurred in implementing the annual payments authorized for the nonservice-connected pension program. The pension program annual payment system is fully automated. Each affected account is reviewed each month and the payment due is automatically accrued. In order to accommodate the program concerns, a more complex data processing program would have to be developed should S. 1064 be enacted. The necessity for such a program would place additional strains on our limited programing staff.

We do not believe this proposal would result in any cost savings to the Veterans' Administration. S. 1064 would not affect adjudication-related costs, nor would the costs related to computer processing be reduced since each case would be reviewed monthly to determine the accrual of the amounts due. We do not believe that the cost savings to the Department of the Treasury by virtue of issuing one check instead of twelve would be significant. While we conclude that S. 1064 misses the mark as a cost-savings measure, we believe that cost savings can be obtained in other areas. For example, area worthy of consideration is the current provision whereby a veteran becomes entitled to a temporary 100-percent evaluation due to hospitalization or surgery for a service-connected disabiilty in place of the evaluation otherwise assigned. We question whether this temproary 100-percent evaluation assignment is warranted where the veterans' outside financial resources continue uninterrupted during the veteran's hospitalization. We would be happy to work with the Committee in developing these and other cost-savings measures.

S. 1061

The last bill under consideration today that would affect the compensation program is S. 1061, also introduced by the Chairman on April 30, 1981. This bill would authorize the VA to enter into agreements with the various military departments to provide that those veterans who are receiving both military retired pay and either VA compensation or pension would be paid both benefits in a single check, This "joint payment," to be issued by the military department, would be accompanied by a statement identifying the component parts of the payment. Under any such agreement, the VA would be required to reimburse the military department for the amount of compensation or pension so paid and notify the department of any change in the payee's eligibility for compensation or pension.

There are, currently, approximately 300,000 service-connected disabled veterans who are military retirees, according to information compiled during 1980 by the Department of Veterans Benefits. We do not have any current information on the total amount of compensation or pension payable to military retirees who have filed waivers of retired pay. However, we have reason to believe that it is a substantial amount, probably several hundreds of millions of dollars.

If S. 1061 is enacted and VA enters into agreements with each of the military departments, no reduction in VA outlays or budget authority would result. This is an important point if the purpose of S. 1061 is to reduce VA outlays during fiscal year 1982 and future fiscal years.

It should be noted that this proposal would require the modification of existing systems at DoD to assure proper inclusion of the veteran's compensation or pension payments in his or her monthly retired-pay check. VA would have to devise a method of systematically providing notice to DoD in individual cases regarding changes in eligibility status.

In view of this, Mr. Chairman, the extent to which any benefit would be derived either by VA or the military departments from the enactment of S. 1061 would be dependent upon the development, following close coordination between each of the military departments and VA, of a comprehensive interdepartmental plan. This could result in the reduction of payment errors, including overpayments, but would, necessarily, require provisions to protect VA against incorrect reimbursement figures advanced by DoD. We suggest that the institution of these procedures would tend to increase administrative costs both for DoD and the VA.

The concept of payment of VA compensation by the military and vice versa has been considered several times before. In 1961 a similar idea was presented to Congress by GAO but legislation was never enacted. The idea was studied extensively at that time and again in 1965 and 1967. At that time, the VA did not respond favorably; combining benefits payable to two separate agencies under differing criteria was believed to be an immense administrative task, particularly since the benefits are not static and the amounts in individual cases may for various reasons change continually.

Payment of VA compensation by the military would require a vast amount of computer programming in order for the VA to maintain proper control over cases in a running award status and yet not make payment. Even if payment were not made by the VA, it would be necessary to continue to conduct examinations, furnish letters to inform the veteran of the level of disability, and maintain the veteran's current address in VA records. Additionally, the VA would continue to be responsible for the adjudication and payment of auxiliary VA benefits.

One of the main concerns of the VA and the DoD in these cases has been the matter of overpayments. A VA/DoD/DoT Task Force was established to determine the most effective remedy. In April 1978, the VA furnished an extract of the VA master file to the DoD. A reconciliation of accounts was accomplished during the summer of 1978. Because of the success of this effort, the reconciliation is now accomplished on an annual basis during March of each year. A tape exchange also takes place upon passage of legislation increasing compensation rates (usually during October of each year) which essentially represents a second reconciliation and additional opportunity to correct erroneous payments. This procedure has significantly reduced the overpayment problem. Ongoing refinements and related projects will further improve this data exchange. For the foregoing reasons, VA opposes enactment of S. 1061.

III. BURIAL BENEFITS PROPOSALS

S. 1062

We turn now to S. 1062, introduced on April 30, 1981, which would deny VA non-service-connected burial benefits where the deceased veteran did not have a service-connected disability and his or her adjusted gross income during the year preceding the year of death was greater than $20,000, or where the veteran's net estate at the time of death exceeded $200,000. The denial would extend both to the $300 statutory burial allowance under section 902(a) of title 38 and to the $150 plot allowance under section 903(b)(2), where applicable.

Mr. Chairman, a similar cost-savings provision, limited to deaths occurring in fiscal year 1981, was passed twice by the House during the

96th Congress, in H.R. 7511, the compensation cost-of-living increase bill, and in H.R. 7765, the Omnibus Reconciliation Act of 1980. However, the Senate did not concur, and the provision was dropped both in H.R. 7511 and the conference report on H.R. 7765.

The statutory burial provision dates back to the War Risk Insurance Act of 1917 (40 Stat. 45) which provided for the payment of burial expenses, not to exceed $100, for certain individuals whose deaths occurred before discharge or resignation from service. This provision was amended in 1923 (42 Stat. 1253) to extend the payment of the $100 allowance in the cases of veterans who died without sufficient assets to meet the expenses of their burial or where such expenses were not otherwise provided for. In 1936, the assets limitation previously contained in the law was removed. In 1946, the allowance was increased from a maximum of $100 to $150 (Public Law 79–529), in 1958, it was increased to a maximum of $250 (Public Law 86–674), and in 1978 it was again increased to a maximum of $300 (Public Law 95–476).

The historical purpose of the burial allowance provision was to avoid the burial of war veterans in "potter's field." However, as other Federal benefit assistance programs have been adopted or broadened, the need for a special burial allowance for veterans has decreased. Burial and funeral allowances, or lump-sum death payments, are now paid under many different provisions of law. For example, the Federal Employees' Compensation Act authorizes an $800 payment, under certain circumstances, for the funeral and burial expenses of Federal employees (5 U.S.C. § 8134(a)). The Social Security Act authorizes the payment of a lump-sum death payment (41 U.S.C. § 402(i)) as does the Railroad Retirement Act (45 U.S.C. § 228e(f)). In addition, other Federal programs or laws authorize funeral and burial expense payment to employees of the House of Representatives (2 U.S.C. § 124), Public Health Service personnel (42 U.S.C. § 224), patients in Public Health Service hospitals (42 U.S.C. § 248(e)), Customs officers and employees (19 U.S.C. § 1645), and Peace Corps volunteers (22 U.S.C. § 2541(c)(10)).

Over the years, the aforementioned Federal burial benefits have been established to defray, in part, the actual cost of burial. In view of the multiplicity of such Federal burial payments, in recognition that the burial allowance is historically for the purpose of avoiding burial of a wartime veteran in a "potter's field," in recognition of the need to allocate the limited funds available to the most needy and to assist in achieving fiscal responsibility in the national interest, the Veterans' Administration does not oppose enactment of legislation limiting the payment of VA burial benefits.

We favor the enactment of legislation to limit such payments to situations where the veteran was, or would have been entitled to compensation or pension benefits, based on the evidence of record at the time of the veteran's death.

During fiscal year 1979, the last full calendar year for which complete information is available, the VA expended approximately $145 million in non-service-connected burial benefits, including burial and plot allowances. Unless legislation limiting the payment of such benefits is enacted, total expenditures will tend to increase as veterans grow older and death rates increase. Thus, we would anticipate that the number of deceased veterans whose burial costs would otherwise be borne in part by the VA would, in each of the fiscal years following the enactment of the limitation we propose, tend to increase, such that VA burial benefits expenditures over future fiscal years would decline substantially both in comparison with current costs and future projections.

The estimated cost savings that would accrue during fiscal year 1982 from the enactment of S. 1062, however, is dependent upon information concerning the incomes and net worths of veterans who can be expected to die in that year. We note that, in the 96th Congress, the House Veterans' Affairs Committee, relying on a Congressional Budget Office estimate, assumed cost savings from its proposal of $83.5 million in fiscal year 1981. We are in the process of reviewing that estimate and developing the necessary information for an updated long-range estimate. As an aside, Mr. Chairman, we do not believe that the net-worth limitation would have a significant impact in terms of reducing costs.

We would like to call your attention to certain administrative problems that would result from the enactment of S. 1062. Generally, VA burial benefits are payable directly to the funeral director (or funeral association) who lists this amount as an offsetting item in the list of funeral charges presented to the veteran's responsible family member. This administrative mechanism was adopted to facilitate payment of funeral bills and to obviate the need for a family member to file a separate VA claim. This administrative practice would require review and modification in order to make certain that funeral directors are not put in the position of adjudicating claims or making inappropriate inquiries regarding the deceased's income or net worth.

Another issue that would arise in the administration of this provision is the concept of income. The term used in S. 1062, "adjusted gross income during the year preceding the year" of the veteran's death, leaves room for a variety of interpretations and creates some difficulties. "Adjusted gross income" is not a defined term for VA purposes; if it is intended to refer to the amount listed as adjusted gross income in the veteran's previous-year income tax return, questions arise as to whether the veteran's spouse's income, in the case of a joint return, should be included; the treatment of income where the veteran was "head of a household;" the extent to which unduly large family health-care or other family expenses have had an impact on disposable income and should be considered; and, in the event death occurs prior to April 15, whether the income of the previous taxable year or the taxable year immediately preceding that year should be examined. The question regarding whether, by virtue of this phrase, a family would be required to authorize disclosure of the veteran's prior-year income tax return would inevitably arise. With regard to the phrase "net estate," we suggest that, where the estate is comprised solely of a farm or residence, a question arises as to whether the assets to be considered should be limited to cash or property that is readily convertible into cash. These not inconsiderable difficulties, and the administrative burden that the enactment of S. 1062 would entail would be avoided under our proposal to limit non-service-connected burial benefits to cases in which the veteran was or would have been, at the time of death, entitled to compensation or pension.

S. 1063

Finally, Mr. Chairman, I would like to discuss S. 1063, which would repeal the Administrator's authority to provide a cash allowance in lieu of a Government-furnished headstone or marker. As currently authorized, an eligible recipient may receive either the cash allowance or a Government headstone or marker but not both. The amount of the allowance is based on the average actual cost of the Government-furnished headstone and markers, which currently is $59. During fiscal year 1980, 35,412 payments were made and 21,352 payments have been made to the end of March in the current fiscal year. We reasonably believe that a majority of eligible recipients would, in the absence of the cash allowance, request Government-furnished headstones or markers at an identical cost. Therefore, elimination of this allowance may not be an effective cost-savings measure, and accordingly we do not favor its enactment.

Mr. Chairman, that concludes my testimony. I would be pleased to respond to any questions.

Statement of John W. Hagan, Deputy Chief Benefits Director, Department of Veterans Benefits, Veterans' Administration Before the Senate Committee on Veterans' Affairs, June 11, 1981

Mr. Chairman and Members of the Committee: I am pleased to be here this morning on behalf of the Veterans' Administration to discuss several proposals which would affect programs administered by the Department of Veterans Benefits and the Department of Memorial Affairs. I will first discuss six bills directly affecting benefits for individual veterans, then two bills affecting benefits for the survivors of veterans and, finally, three bills concerning memorial markers for certain deceased veterans.

I. COMPENSATION, DIC, AUTOMOBILE ALLOWANCE AND PENSION PROPOSALS

S. 917

This bill, the Veterans' Disability Compensation and Survivors' Benefits Amendments of 1981" is an Administration proposal which would:

a. increase by 11.2 percent the basic rates of monthly compensation payable to veterans for service-connected disabilities, as well as the additional amounts authorized for veterans with dependents;

b. increase by the same percentage the monthly rates of Dependency and Indemnity Compensation (DIC) payable to surviving spouses and children of veterans whose deaths were service connected, and also the rates of compensation payable to certain surviving spouses and the surviving children of certain veterans who died of non-service-connected causes but were rated as totally disabled due to service-connected causes at death;

c. increase the annual clothing allowance to certain veterans wearing or using prosthetic or orthopedic appliances, also by 11.2 percent;

d. reduce costs by the elimination of certain duplications of DIC payments; and

e. reduce administrative costs associated with recomputation and collection of overpayments necessary when a child is retroactively added to a class of dependents entitled to DIC.

Mr. Chairman, the Veterans' Administration consider administration of the disability compensation and DIC programs to be among its most important missions. The nation rightfully acknowledges a great sense of obligation toward those disabled in the cause of her defense, and to the survivors of those who have made the supreme sacrifice as the result of this service.

While the Administration has called for stringent budgetary restraint, it is firmly committed to keeping benefit rates under each of these programs responsible to changing economic conditions. We support rates of increases for fiscal year 1982 which would comport with the 11.2 percent cost-of-living increase in social security which went into effect on June 1, 1981. The President's revised budget includes estimates of $946 million in fiscal year 1982 and $967.8 million by fiscal year 1986 for these increases, which would be effective October 1, 1981.

S. 1297

S. 1297 would increase the rates of compensation payable for disabilities involving the loss, or loss of use, of both upper extremities.

Presently, disabilities involving such losses are compensated at the rates established by subsections (l) through (n) of section 314, title 38, United States Code. The basic rates of compensation found in subsections (a) through (j) of section 314 are intended to compensate individuals for reductions in earning capacity attributable to service-connected disabilities. In addition, special rates of compensation, that is, rates which exceed the rate provided for disabilities considered 100 percent disabling, are furnished in subsections (l) through (r) of section 314, in recognition of the very serious debilitating effects of certain disabilities. Included among the disorders for which special rates are provided are anatomical losses, or losses of use, of the upper extremities. The current scheme for compensating disabilities of this type is as follows: under subsection (l), anatomical loss or loss of use of both hands entitles the veteran to compensation of $1,262 per month. Subsection (m) provides compensation of $1,391 per month for anatomical loss or loss of use of two extremities at a level, or with complications, preventing natural elbow or knee action when a prosthesis is in place. The next level of compensation is $1,581 per month, which is available under subsection (n) for anatomical loss of two extremities so near the shoulder or hip as to prevent the use of a prosthetic appliance. Under subsection (o), $1,768 per month is payable to any veteran entitled to two or more of the rates provided in subsections (l) through (n).

The general design of S. 1297 is to provide the next higher rate of compensation under subsections (l) through (o), for those disabilities which involve loss or loss of use of both upper extremities.

We are of the opinion that the full-step increases provided in S. 1297 for all these disabilities do not necessarily correlate accurately with the actual degree of dysfunction associated with the losses in question.

Accordingly, we do not recommend enactment of S. 1297.

We estimate the cost of S. 1297, if enacted, to be less than $1 million per year.

S. 416

S. 416 would increase to $5,000 (from the current $3,800) the maximum automobile allowance payable under section 1902 of title 38, and would also enlarge the class of veterans eligible for automobile adaptive equipment. The automobile allowance provided in section 1902 was last increased by Public Law 95–479, effective October 1, 1978. Then, as now, we supported a policy of insuring that this VA benefit rate remains responsive to changing economic conditions by enactment of periodic increases. In view of the 34-percent increase in the Consumer Price Index (from 199.1 as of October 1, 1978, to 266.8 as of April 1, 1981) since the last increase in the automobile allowance, we favor its further increase to $5,000. We estimate that such an increase would result in an annual cost of $840,000 in fiscal year 1982 and $600,000 by fiscal year 1986, with a total 5-year cost of $3.8 million.

This bill would also extend eligibility for adaptive automotive equipment to veterans entitled to compensation under chapter 11 for ankylosis of one or both knees, or one or both hips. There would be no period-of-service limitation. Equipment standards would be that equipment necessary to meet applicable licensure requirements of the jurisdiction in which the veteran resides or, as determined by the Chief Medical Director, that necessary for the safe operation of the vehicle by the veteran.

As I previously stated, current law authorizes VA payment to certion profoundly disabled veterans of $3,800 toward the purchase price of an automobile or other conveyance and, in addition, provides for furnishing the adaptive equipment deemed necessary to insure that the eligible person will be able to operate the vehicle. These benefits are available to individuals with service-connected loss or permanent loss of use of one or both feet or hands, or permanent impairment of vision of both eyes to a prescribed degree.

These benefits were established to foster the rehabilitation of certain veterans whose profound disabilities make mobility assistance of prime concern. It was recognized that continuing and secure access to an automobile had often proven indispensable in providing such veterans an opportunity of productive employment. With the enactment of Public Law 95–116 extending to veterans of any period of service entitlement to an automobile allowance and adaptive equipment under the same conditions as veterans of serivce on and after September 16, 1940 (to whom eligibility had been limited previously), the purpose for these benefits has become somewhat more general.

If S. 416 would be enacted, one general disability would be singled out as a basis for furnishing adaptive equipment. Ankylosis of one or both knees or one or both hips in a given case may not require adaptive equipment. This proposal, however, vests no authority in the

Administrator to determine actual need for adaptive equipment as long as the licensing authority of a State so requires. More basic than that, however, is the fact that, unlike the existing automotive benefit which is still primarily rehabilitative in nature, it is not clear that this bill would serve any significant rehabilitation purpose. Accordingly, we believe enactment of the bill would further dilute the real purpose and justification for this benefit. Moreover, unlike the profoundly disabled veterans to whom the adaptive equipment benefits have historically been limited, the proposed beneficiaries of this bill are not, to our knowledge, significantly restricted in their access to public transportation.

For most of those individuals under this bill who require a private conveyance, the magnitude of the costs of the adaptations involved is not great relative to the cost of the vehicle itself. However, certain of these adaptations, such as automatic transmissions, are now standard equipment on many automobiles. By subsidizing these costs, the VA would, in effect, be supplementing the disability compensation afforded certain veterans, not because of the severity of disability but rather because of the nature of their condition. We question the desirability of establishing this precedent.

While the adaptive equipment program has been of invaluable assistance in rehabilitating disabled veterans, its gradual expansion and the growing demand for these benefits have resulted in the development of a complex, cumbersome administrative process. We would anticipate still further problems in administering this proposed expansion of the adaptive equipment program. We do not believe it is in the best interest of the profoundly disabled veterans most in need of automobile and adaptive equipment benefits. Accordingly, we oppose the enactment of this provision of S. 416.

We estimate that if S. 416 is enacted, the five-year cost for this new eligibility category would be $19.2 million, with a first-year cost of $6.8 million.

S. 1315

S. 1315 proposes to amend section 3202(a)(1)(B) of title 38, United States Code, by providing an exception to the pension-limitation provision of that section which, under current law, affects certain veterans in receipt of VA pension who are hospitalized in a VA facility. This exception is intended to benefit those blinded veterans whose VA hospitalization occurs because of admission to a VA Blind Rehabilitation Program. The specific purpose of the bill is to provide that the pension of a veteran, who is blind as the result of a non-service-connected disability and who is being furnished hospital care by the VA in a VA center operated exclusively for the rehabilitation of blinded veterans, would not be reduced, even though the period of such care extends for more than 3 months.

Under section 521 of title 38, United States Code, and section 306 of Public Law 95–588, monthly need-based pension benefits are payable to wartime veterans who are totally and permanently disabled from non-service-connected causes. Under section 610(a) of title 38, such veterans are eligible for VA hospital care, which includes rehabilitative services. Thus, blinded veterans in receipt of pension are eligible for admission to Blind Rehabilitation centers and clinics for the purpose of rehabilitative training.

The purpose of VA pension benefits is to assist in meeting pensioners' income-maintenance needs. During hospitalization, those needs are met by the VA facility. In order to avoid duplication of benefits, section 3203(a)(1)(B) provides that pension benefits may not exceed $60 per month where a veteran who has no spouse or child is hospitalized in a VA facility after the third full month following the month of admission. In the event that a hospitalized veterans' monthly pension benefit substantially exceeds $60, a prolonged hospital stay may result in a sizable reduction in the veteran's cash income.

The Blind Rehabilitation Program, operated by the VA's Department of Medicine and Surgery, is intended to serve the needs of veterans with service-connected and non-service-connected blindness by helping them overcome the catastrophic effects of this severe disability. The pre-vocational training offered in this program helps the blinded veteran cope with the impositions of his or her disability and consists of re-orientation to, and performance of, the daily routines of life. This training is a beneficial preliminary to vocational rehabilitation and subsequent re-entry into the employment market.

The average stay in a VA facility for a veteran who has been admitted to the Blind Rehabilitation Program is from 13 to 16 weeks. Where the veteran is in receipt of VA pension and has no spouse or child, the effect of section 3202(a)(1)(B) is taken into consideration in counseling the veteran with regard to prospective admission to the program. In some cases, the reduction in pension can be avoided by admitting the veteran to the program early in the month, thereby allowing completion of the program prior to the three full months of hospitalization that are a condition precedent to the required reduction. However, if admission occurs late in the month, or the veteran requires a greater length of stay, a pension reduction may be unavoidable.

The potential for such reductions, we believe, may act as a disincentive to blinded veterans in need of the rehabilitative services available in this program. Where the veteran has continuing obligations, such as household maintenance expenses, the veteran may not be in a position to undertake the risk of a substantial diminution of the monthly income needed to maintain a household and pay recurring debts during the period of hospitalization.

The risk of a sizeable reduction in monthly income, then, may act as a disincentive to enter the program or as a reason for premature termination.

Those pensioners who enter the Rehabilitation Program, like other blinded veterans in the program, are strongly motivated to achieve the capabilities needed to cope with the severe handicap of blindness. The enactment of S. 1315 would, in our view, strengthen this motivation by removing the concern such veterans may have regarding their ability to meet ongoing expenses. We do not believe that enactment of this provision would create an incentive to remain in the institution unnecessarily; our experience has been that veterans seeking rehabilitative training have as their long-term objective the desire to return, as soon as possible, to mainstream living and to the pride, satisfaction, and fulfillment derived from productive employment. For the foregoing reasons, we favor the enactment of S. 1315.

The overall number of veterans in the program averages approximately 700 per year. We believe that the number of pensioners who would be affected by the enactment of this bill is relatively small; thus, the impact on the program would be confined to a slight increase in applications for admission and a slightly longer waiting list. The increase in benefit costs is expected to be less than $1 million in any fiscal year.

II. HOME LOANS AND SPECIALLY ADAPTED HOUSING

S. 1316

S. 1316 would authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment mortgages. This measure is similar to H.R. 2039 which was passed by the House of Representatives on June 2, 1981.

We have consistently construed the present law as mandating that each VA-guaranteed loan be repaid in approximately equal monthly installments.

S. 1316 appears to be patterned after section 245 of the National Housing Act which permits graduated-payment mortgages on loans insured by the Secretary of Housing and Urban Development. During the early years of the loan, a portion of the interest due on the loan each month is deferred and added to the principal balance. This results in initial monthly payments which are lower than the corresponding monthly payments on a traditional mortgage. The monthly payments will increase periodically, usually annually, to successively higher levels. After a certain number of years, the payments will level off and continue at that level for the duration of the loan.

In setting the maximum loan which VA may guarantee under S. 1316, VA may take into account projected increases in the value of the property being purchased. This will permit VA to liberalize downpayment requirements, while still maintaining the concept that VA home loans be adequately secured.

This bill would also amend section 1828 of title 38 to exempt graduated-payment loans from certain restrictive provisions of State laws, e.g., prohibitions of charging interest on interest, or requirements for a minimum loan amortization. Graduated-payment loans insured by HUD under section 245 of the National Housing Act currently enjoy such an exemption.

A graduated-payment plan, as is proposed by S. 1316, may be of benefit to younger, lower-income veterans who can reasonably anticipate increased income in later years through job advancement.

S. 1316 also contains a technical amendment which would delete section 1826(a) from title 38, United States Code. The Veterans Rehabilitation and Education Amendments of 1980, Public Law 96-466, which was enacted October 17, 1980, added a new section 3114 to title 38. This new section specifically requires the Administrator to deduct from future VA benefit payments to a person any amounts for which that person may be indebted to the Government arising from that person's participation in a benefits program administered by this agency. Section 1826(a) previously prohibited VA from offsetting home loan debts against other VA benefits without the debtor's consent. The new section 3114 thus superseded the prohibition of 1826(a), and in effect repealed it by implication. This new conforming amendment would therefore delete a repealed provision from title 38.

Accordingly, Mr. Chairman, the Veterans' Administration favors enactment of S. 1316.

We estimate that enactment of this proposal would result in additional outlays of approximately $1.9 million in fiscal year 1982 with a total 5-year outlay of $24.8 million.

S. 415

S. 415 would amend section 802(a) of title 38, United States Code, to increase from $30,000 to $35,000 the maximum grant the VA could make to certain disabled veterans in acquiring suitable housing units specially adapted to the nature of their disabilities. The specially adapted housing grant is limited to 50 percent of the total cost of the house. Generally, it is designed to assist veterans who have lost or lost the use of both lower extremities, or who have lost or lost the use of one lower extremity and who also have either lost or lost the use of one upper extremity, or are blind.

As the cost of housing has increased, so too has the cost of the average specially adapted home. We believe that the increase in the maximum grant proposed by S. 415 would be consistent with historical increases in the grant amount and current prices of housing.

The bill would also make certain editorial changes to section 802 in line with current Government policy of using precise terms denoting gender.

We would like to invite your attention to one additional editorial matter in section 802. Currently, section 802(b) begins, "Except as provided in section 804(b)(2) of this title. . . ." The reference to section 804(b)(2) is erroneous as 38 U.S.C. § 804(b) has no numbered subdivisions. You might wish to consider amending S. 415 to correct that reference.

The Veterans' Administration favors enactment of S. 415. We estimate that enactment of this bill would result in a cost of $2.55 million for fiscal year 1982 and a 5-year total cost of $12.25 million.

III. SURVIVORS' BENEFITS

Next, I would like to discuss two bills affecting benefits for survivors of veterans.

S. 1317

S. 1317 would provide for continuation of payment of dependency and indemnity compensation (DIC) benefits to recipient surviving spouses age 62 or over who remarry. Under current law, remarriage of a surviving spouse terminates entitlement to DIC benefits, although payment may be resumed if the remarriage is terminated by death or divorce.

Until 1970, remarriage constituted a permanent bar to the payment of VA gratuitous benefits to veterans' surviving spouses. Public Law 91-376, enacted in that year, provided for the restoration of

DIC (or pension) benefits if the remarriage is terminated by death or divorce. Thus, a surviving spouse may enter a second marriage without fear of economic deprivation should the second marriage end. This provision is especially beneficial to older surviving spouses who would tend to remarry persons of advanced years.

S. 1317 appears to be a logical extension of the beneficial provisions of Public Law 91–376. When a surviving spouse of advanced age remarries, termination of DIC may impose severe financial hardship. The new spouse, similarly advanced in age, is generally preparing for retirement or already retired. The remarried surviving spouse's age generally precludes employment to supplement the loss of DIC. S. 1317 provides a remedy that would enable the remarried surviving spouse to remain at an economic level comparable to the level in existence prior to the remarriage. Thus, we favor the enactment of S. 1317.

We do not envision a substantial cost impact from this legislation. Under section 3010(g) of title 38 and 38 CFR § 3.114, continuation of DIC benefits in the event of remarriage would not be retroactive to any date prior to the date of the enactment of the liberalizing legislation. We estimate that enactment of this bill would result in a cost of $4.0 million for fiscal year 1982 increasing to $19.9 million by fiscal year 1986, with a total 5-year cost of $59.7 million.

S. 911

S. 911 is a bill to provide for a special pension for the surviving spouse of a Medal of Honor recipient if the surviving spouse was married to the recipient at the time of the action for which the Medal of Honor was awarded.

Mr. Chairman, amidst the ugliness and tragedy of war, many individuals who have been called to our Nation's service have displayed outstanding courage and willingness to make sacrifices. The most supreme acts of heroism are recognized by the Medal of Honor, the highest award for individual bravery that can be given under our laws. Presented by the President in the name of the Congress, the Medal of Honor recognizes that the individual to whom is it awarded has risked his or her own life to perform a deed so valorous that, had it not been performed, no justifiable criticism could have been offered. The Medal of Honor and those who have earned it are of the greatest concern to our Nation. There are as of April 1981, 270 living Medal of Honor recipients.

In 1918, Congress provided for a stipend to be paid to Medal of Honor recipients in order to enhance the Medal's significance and set it apart from all other decorations. The amount, originally $10 per month, was increased to $100 in 1961 and $200 in 1978. Under S. 911, the amount of special pension payable to the recipient's surviving spouse, if married to the recipient at the time of the valorous deed, would be $100 per month, one-half the rate payable to a recipient.

Mr. Chairman, we are opposed to this measure just as we have opposed similar measures offered in 1971, 1973, and 1974. The extension of special pension to certain survivors denigrates the basic purpose of Medal of Honor pension—an award that should remain personal to the recipient of this great honor. S. 911 suggests that there is some connection between the fact of marriage and the valorous deed, a connection that we do not believe exists. Moreover, this measure suggests that Medal of Honor pension should be regarded as similar to retirement income or other similar sources of income on which survivor's benefits, intended to replace income lost to the survivor when the retiree or breadwinner dies, are premised. The concept of replacing retirement or other income lost to a surviving spouse is, we believe, totally unrelated to the purposes of Medal of Honor pension.

We add that Congress has provided monetary benefits for the surviving spouses of veterans in a variety of contexts. Dependency and indemnity compensation is payable where the veteran's death is service connected. The social security program provides for benefits to the survivors of members of the Armed Forces. The several government service life insurance programs were especially designed to meet the need of veterans' survivors. The need-based pension program provides for the survivors of wartime veterans whose deaths are non-service-connected. These programs extend, to veterans' survivors, benefits appropriate to their need and represent a more equitable approach than the proposed measure, which would confer special treatment for a certain class of survivors.

Because the number of Medal of Honor recipients is very small, the benefit cost of this measure would also be small, less than $1 million per year with administrative costs of less than $100,000 per year. We hasten to add that, in view of the important principles involved, we do not believe that the insignificent cost of this measure is a mark in its favor.

IV. MEMORIAL MARKERS

Lastly, I would like to address three bills pertaining to memorial markers for certain deceased veterans.

S. 779

S. 779 would amend sections 906 and 1003 of title 38, United States Code.

Subsection 906(b) of title 38, United States Code, as amended by Public Law 95–479, authorizes the furnishing of memorial markers for veterans whose remains have not been recovered or identified, or were buried at sea, for placement in a national cemetery area reserved for such purpose under the provisions of subsection 1003(a) of title 38, or in any private or local cemetery. Section 1003 provides that the Administrator of Veterans Affairs shall set aside areas in national cemeteries to honor the memories of members of the Armed Forces missing in action, or who died or were killed while serving in such forces and whose remains have not been identified, have been buried at sea, or have been determined to be nonrecoverable. S. 779 would amend subsection 906(b) and 1003(a) to authorize the provision of a memorial headstone or marker to commemorate those individuals whose remains were buried at sea, whether by their choice or otherwise, whose remains were donated to science or whose remains were cremated and the ashes scattered without interment of any portion of the ashes.

The Veterans' Administration is fully in accord with the intent of this bill. Expansion of the qualifying conditions for furnishing a memorial headstone or marker as provided in S. 779 would, we believe, eliminate an apparent existing inequity. Presently, memorialization recognizes and honors the loyal service and sacrifice of certain persons whose remains cannot be interred, but does not honor those individuals who further sacrifice themselves for the betterment of mankind, for example, by donating their bodies to science, or those who are cremated and whose ashes are scattered and not interred. We believe recognition and honor are also due these persons.

We believe, however, that passage of the bill, as proposed, would perpetuate an inconsistency in existing law which, in our opinion, should be corrected. As title 38 presently provides, subsection 906(b) authorizes the Administrator to furnish a memorial headstone or marker for "any veteran" for placement in a private or local cemetery or in a national cemetery area reserved for such purpose under the provisions of section 1003. However, subsection 1003(a) provides that the Administrator shall set aside suitable areas in national cemeteries to honor the memory of "members of the Armed Forces." Thus, while a marker may be provided for an eligible veteran, the Administrator lacks the authority to erect such a marker in the memorial area of a national cemetery if the veteran's death occurred after his service in the Armed Forces.

In view of the similar purpose of these provisions, we believe subsection 1003(a) should be amended by deleting the reference to "members of the Armed Forces," and substituting the term "veterans". In this fashion, subsections 1003(a) and 906(b) would be consistent in their coverage, especially in view of the definition of "veteran" set forth in subsection 1002(1) of title 38, which, for the purposes of chapter 24 of title 38, includes those individuals "who died in the active military, naval, or air service," i.e., members of the Armed Forces.

In addition, we believe the coverage of S. 779 should be expanded by authorizing the Administrator to place a memorial headstone or marker in any state veterans' cemetery as well as any private or local cemetery. This would be consistent with Public Law 95-476, enacted on October 18, 1978, which amended title 38 by authorizing a program of Federal financial assistance to the states for the establishment, expansion and improvement of state veterans' cemeteries.

Finally, since we are unaware of the rationale for the selection of the December 31, 1969, effective date proposed in the bill, and since we believe such a delimiting date would be unfair to veterans dying prior to that date, we propose that the bill's coverage be expanded to include veterans dying on or after December 7, 1941. This would, therefore, include individuals dying in World War II, the Korean conflict, the Vietnam era and intervening peacetime periods. While we do not have statistics to ascertain the number of veterans who would be involved, we believe the number would be very small indeed. In the 1940's, very few individuals donated their bodies to science. The trend seems to have evolved in the 1970's. Furthermore, the practice of cremation as a means of disposal after death was traditionally frowned upon in general and unaccepted by various religious faiths. The growing acceptance of cremation similarly is of recent origin.

We believe that enactment of this bill would result in minimal cost to the Veterans Administration.

With the suggested modifications to the bill as noted above, we would favor enactment of S. 779.

S. 112

S. 112 has a purpose similar to that of S. 779, but would amend only section 1003(a) of title 38. As I stated earlier, the Veterans' Administration is fully in accord with the purpose behind legislation of this type and my prior testimony regarding S. 779 properly states this agency's position. However, we believe that, in order to achieve uniformity in the implementation of sections 906 and 1003, each should be simultaneously amended as proposed by S. 779. In addition, S. 112 would not provide for the memorialization of veterans whose remains were cremated and the ashes scattered without interment. Accordingly, while we are in agreement with the purpose behind S. 112, we would prefer the enactment of S. 779 and therefore oppose S. 112.

The enactment of this bill would result in minimal cost to the Veterans' Administration.

S. 915

This bill would amend section 906(b) of title 38, United States Code, by authorizing the Administrator of Veterans' Affairs to provide a memorial plaque or marker, in his discretion, to the next of kin of an individual who would otherwise be memorialized in a national, private or local cemetery if the remains of the individual have not been recovered, identified or have been buried at sea. Thus, in keeping with the wishes of the deceased's next of kin, the Administrator could authorize a plaque or memorial marker to be placed in an appropriate location designated by the next of kin, other than in a national private or local cemetery, as presently provided for in sections 906(b) and 1003 of title 38, United States Code.

The proposal would be in keeping with the nature and purpose of memorialization while taking into consideration the wishes of the deceased's next of kin. Without the proposed amendatory language, however, a memorial plaque or marker to memorialize these veterans could not be placed in a location other than a cemetery. Clearly, there are situations where the next of kin may desire to place such a plaque or marker in a location other than a cemetery where the veteran could be honored in a fashion which would reflect the veteran's close ties with, for example, a university, service organization, etc. S. 915 would, therefore, be in keeping with the nature and purpose of memorialization while taking into consideration the wishes of the deceased's next of kin.

We favor the enactment of S. 915, which would result in minimal costs to the Veterans' Administration.

Mr. Chairman, the total fiscal year 1982 cost of all of these proposals is $964 million. As I indicated earlier, the $946 million estimated cost of S. 917 was included in the Veterans' Administration's 1982 budget request. The remaining proposals would cost an additional $17 million in fiscal year 1982. It is our understanding that the cost of any new legislation not currently reflected in the agency's ceiling under the budget resolution must be offset by savings in other areas of our budget. This concludes my formal statement. I will be pleased to respond to any questions you or other members of this Committee may have.

II

97TH CONGRESS
1ST SESSION

S. 779

To amend title 38, United States Code, to authorize the Veterans' Adminstration to furnish memorial headstones or markers to commemorate veterans who by choice are buried at sea, who donate their bodies to science, or who are cremated and have their ashes scattered without interment.

IN THE SENATE OF THE UNITED STATES

MARCH 24 (legislative day, FEBRUARY 16), 1981

Mr. STAFFORD (for himself and Mr. LEAHY) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38, United States Code, to authorize the Veterans' Administration to furnish memorial headstones or markers to commemorate veterans who by choice are buried at sea, who donate their bodies to science, or who are cremated and have their ashes scattered without interment.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (b) of section 906 of title 38, United States Code, is amended to read as follows:

"(b) The Administrator shall furnish, when requested, an appropriate memorial headstone or marker to commemorate any veteran—

"(1) whose remains have not been recovered or identified;

"(2) whose remains were buried at sea, whether by the veteran's own choice or otherwise;

"(3) whose remains were donated to science; or

"(4) whose remains were cremated and the ashes scattered without interment of any portion of the ashes,

for placement by the applicant in a national cemetery area reserved for such purpose under the provisions of section 1003 of this title, or in any private or local cemetery.".

SEC. 2. Subsection (a) of section 1003 of title 38, United States Code, is amended to read as follows:

"(a) The Administrator shall set aside, when available, suitable areas in national cemeteries to honor the memory of members of the Armed Forces—

"(1) who are missing in action;

"(2) whose remains have not been recovered or identified;

"(3) whose remains were buried at sea, whether by the member's own choice or otherwise;

"(4) whose remains were donated to science; or

"(5) whose remains were cremated and the ashes scattered without interment of any portion of the ashes.".

SEC. 3. The amendments made by this Act shall apply with respect to the furnishing of memorial headstones or markers to commemorate veterans dying after December 31, 1969.

[No. 16]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., May 28, 1981.

Hon. ALAN K. SIMPSON,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We are pleased to furnish the following comments in response to your request for a report by the Veterans' Administration on S. 779, 97th Congress, a bill, "To amend title 38, United States Code, to authorize the Veterans' Administration to furnish memorial headstones or markers to commemorate veterans who by choice are buried at sea, who donate their bodies to science, or who are cremated and have their ashes scattered without interment." This bill is identical to H.R. 1714, for which the Veterans' Administration submitted a favorable report on May 14, 1981.

Section 906(b) of title 38, United States Code, as amended by Public Law No. 95-479, authorizes the furnishing of memorial markers to veterans whose remains have not been recovered or identified or were buried at sea, for placement in a national cemetery area reserved for such purposes under the provisions of section 1003(a) of that title, or in any private or local cemetery. Section 1003 of title 38, United States Code, provides that the Administrator of Veterans' Affairs shall set aside areas in national cemeteries to honor the memories of members of the Armed Forces missing in action, or who died or were killed while serving in such forces and whose remains have not been identified, have been buried at sea or have been determined to be nonrecoverable. S. 779 would amend sections 906(b) and 1003(a) to authorize the provision of a memorial headstone or marker to commemorate those individuals whose remains were buried at sea, whether by their choice or otherwise, whose remains were donated to science or whose remains were cremated and the ashes scattered without interment of any portion of the ashes.

The Veterans' Administration is fully in accord with the intent of this bill. Expansion of the qualifying conditions for furnishing a memorial headstone or marker as provided in S. 779 would, we believe, eliminate an apparent inequity. Presently, memorialization recognizes and honors the loyal service and sacrifice of certain persons whose remains cannot be interred, but does not honor those individuals who further sacrifice themselves for the betterment of mankind, for example, by donating their bodies to science or those who are cremated and whose ashes are scattered and not interred. We believe recognition and honor are also due these persons. In addition, allowing eligibles the choice of memorialization without interment will have the beneficial effect of reducing the demand for gravesites in our national cemeteries.

We believe, however, that passage of the bill, as proposed, would perpetuate an inconsistency in existing legislation which, in our opinion, should be corrected. As title 38 presently provides, section 906(b) authorizes the Administrator to furnish a memorial headstone or marker for "any veteran" for placement in a private or local cemetery or in a national cemetery area reserved for such purpose under the provisions of section 1003. However, section 1003(a) provides that the Administrator shall set aside suitable areas in national cemeteries to honor the memory of "members of the Armed Forces." Thus, while a marker may be provided for an eligible veteran, the Administrator lacks the authority to erect such a marker in the memorial area of a national cemetery if the veteran's death occurred after his service in the Armed Forces.

In view of the similar purpose of these provisions, we believe section 1003(a) should be amended by deleting the reference to "members of the Armed Forces," with the term "veterans" substituted therefor. In this fashion, sections 1003(a) and 906(b) would be consistent in their coverage, especially in view of the definition of "veteran" set forth in section 1002(1) of title 38, which, for the purposes of chapter 24 of title 38, includes those individuals "who died in the active military, naval, or air service," that is, members of the Armed Forces.

In addition, we believe the coverage of S. 779 should be expanded by authorizing the Administrator to place a memorial headstone or marker in any State veterans' cemetery in addition to any private or local cemetery. This would be consistent with Public Law No. 95-476, enacted on October 18, 1978, which amended title 38, by adding section 1008 thereto, by authorizing a program of Federal financial assistance to the states for the establishment, expansion and improvement of state veterans' cemeteries.

Finally, since there is no rationale for the selection of the December 31, 1969, effective date proposed in the bill and since we believe such a delimiting date would be unfair to veterans dying prior to that date, we propose that the bill's coverage be expanded to include veterans dying on or after December 7, 1941. This would, therefore, include individuals dying in World War II, the Korean war, the Vietnam war and thereafter. While we do not have statistics to ascertain the number of veterans who would be involved, we believe the number would be very small indeed. In the 1940's, very few individuals donated their bodies to science. This trend seems to have evolved in the 1970's. Furthermore, the practice of cremation as a means of disposal after death was traditionally frowned upon in general and unaccepted by various religious faiths. The growing acceptance of cremation similarly is of recent origin.

We believe that enactment of this bill would result in minimal cost to the Veterans' Administration.

With the suggested modifications to the bill as noted above, we would favor enactment of S. 779.

We were advised by the Office of Management and Budget in regard to a report to the Chairman of the House Committee on Veterans' Affairs on H.R. 1714, 97th Congress, a bill identical with S. 779, that there was no objection to the presentation of that report from the standpoint of the Administration's program.

Sincerely,

RUFUS H. WILSON,
Acting Administrator.

[No. 25]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

Executive Office of the President,
Office of Management and Budget,
Washington, D.C., June 30, 1981.

Hon. Alan K. Simpson,
Chairman, Committee on Veterans' Affairs,
U.S. Senate,
Washington, D.C.

Dear Mr. Chairman: This is in response to your request of May 4, 1981, for the views of this Office on S. 779, a bill "To amend title 38, United States Code, to authorize the Veterans' Administration to furnish memorial headstones or markers to commemorate veterans who by choice are buried at sea, who donate their bodies to science, or who are cremated and have their ashes scattered without interment."

In testimony before your Committee on June 11, 1981, the Veterans' Administration indicated its support for the intent of S. 779, but recommended several modifications in the bill. We would favor enactment of S. 779, subject to the modifications proposed by VA.

Sincerely,

James M. Frey,
Assistant Director for
Legislative Reference.

(1)

II

97TH CONGRESS
1ST SESSION

S. 911

To amend section 562 of title 38, United States Code, to authorize the payment of a special pension to the surviving spouses of persons awarded the Medal of Honor.

IN THE SENATE OF THE UNITED STATES

APRIL 8 (legislative day, FEBRUARY 16), 1981

Mr. SIMPSON introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

---

A BILL

To amend section 562 of title 38, United States Code, to authorize the payment of a special pension to the surviving spouses of persons awarded the Medal of Honor.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 562 of title 38, United States Code, relating to special pension for Medal of Honor recipients, is amended—

(1) by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively;

(2) by inserting after subsection (a) the following new subsection (b):

"(b)(1) The Administrator shall also pay to the surviving spouse of any person who has served on active duty in the Armed Forces of the United States and who has been awarded the Medal of Honor, a special pension at the rate of $100 per month, beginning on the first day of the month after the date of application therefor under paragraph (2) of this subsection as long as the surviving spouse was married to such person at the time of the action for which the Medal of Honor was awarded.

"(2) Applications for the pension referred to in paragraph (1) of this subsection shall be made in the form and under regulations prescribed by the Administrator. The Administrator may require such evidence as the Administrator determines necessary to establish that the applicant is the surviving spouse of a person described in paragraph (1) of this subsection.

"(3) A surviving spouse of a person described in paragraph (1) of this subsection who makes application for and receives the special pension under paragraph (1) of this subsection shall continue receiving such pension until death or remarriage."; and

(3) by striking out the period at the end of subsection (e), as redesignated by clause (1), and inserting in lieu thereof "nor shall the surviving spouse of any such person receive more than one special pension.".

II

97TH CONGRESS
1ST SESSION

S. 915

To amend title 38, United States Code, to authorize the Administrator to provide a memorial plaque or marker in appropriate situations to the next of kin of an individual who would otherwise be memorialized in a national, private, or local cemetery.

IN THE SENATE OF THE UNITED STATES

APRIL 8 (legislative day, FEBRUARY 16), 1981

Mr. SIMPSON (by request) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

---

A BILL

To amend title 38, United States Code, to authorize the Administrator to provide a memorial plaque or marker in appropriate situations to the next of kin of an individual who would otherwise be memorialized in a national, private, or local cemetery.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 23 of title 38 United States Code is amended by—

(a) inserting in subsection 906(b) after "local cemetery" the words "or in such appropriate location designated by the next of kin as the Administrator, in his discretion, having due regard for the circumstances in each case, may determine".

SEC. 2. This Act shall become effective on the date of enactment.

[No. 26]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

Executive Office of the President,
Office of Management and Budget,
Washington, D.C., June 30, 1981.

Hon. Alan K. Simpson,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This is in response to your request of May 4, 1981, for the views of this Office on S. 915, a bill "To amend title 38, United States Code, to authorize the Administrator to provide a memorial plaque or marker in appropriate situations to the next of kin of an individual who would otherwise be memorialized in a national, private or local cemetery."

For the reasons stated by the Veterans' Administration in its testimony on this legislation before your Committee on June 11, 1981, we favor enactment of S. 915.

Sincerely,

James M. Frey,
Assistant Director for
Legislative Reference.

(1)

II

97TH CONGRESS
1ST SESSION

S. 917

To amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 8 (legislative day, FEBRUARY 16), 1981

Mr. SIMPSON (by request) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

---

A BILL

To amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "Veterans' Disability Compensation and Survivors' Benefits Amendments of 1981".

(b) Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—VETERANS' DISABILITY COMPENSATION BENEFITS

RATES OF DISABILITY COMPENSATION

Sec. 101. (a) Section 314 is amended—

(1) by striking out "$54" in subsection (a) and inserting in lieu thereof "$60";

(2) by striking out "$99" in subsection (b) and inserting in lieu thereof "$110";

(3) by striking out "$150" in subsection (c) and inserting in lieu thereof "$167";

(4) by striking out "$206" in subsection (d) and inserting in lieu thereof "$229";

(5) by striking out "$291" in subsection (e) and inserting in lieu thereof "$324";

(6) by striking out "$367" in subsection (f) and inserting in lieu thereof "$408";

(7) by striking out "$434" in subsection (g) and inserting in lieu thereof "$483";

(8) by striking out "$503" in subsection (h) and inserting in lieu thereof "$559";

(9) by striking out "$566" in subsection (i) and inserting in lieu thereof "$629";

(10) by striking out "$1,016" in subsection (j) and inserting in lieu thereof "$1,130";

(11) by striking out "$1,262" and "$1,768" in subsection (k) and inserting in lieu thereof "$1,403" and "$1,966", respectively;

(12) by striking out "$1,262" in subsection (l) and inserting in lieu thereof "$1,403";

(13) by striking out "$1,391" in subsection (m) and inserting in lieu thereof "$1,547";

(14) by striking out "$1,581" in subsection (n) and inserting in lieu thereof "$1,758";

(15) by striking out "$1,768" each place it appears in subsections (o) and (p) and inserting in lieu thereof "$1,966";

(16) by striking out "$759" and "$1,130" in subsection (r) and inserting in lieu thereof "$844" and "$1,257", respectively;

(17) by striking out "$1,137" in subsection (s) and inserting in lieu thereof "$1,264"; and

(18) by striking out "$219" in subsection (t) and inserting in lieu thereof "$244".

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law

85-857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

RATES OF ADDITIONAL COMPENSATION FOR DEPENDENTS

SEC. 102. Section 315 (1) is amended—

(1) by striking out "$62" in clause (A) and inserting in lieu thereof "$69";

(2) by striking out "$104" in clause (B) and inserting in lieu thereof "$116";

(3) by striking out "$138" in clause (C) and inserting in lieu thereof "$153";

(4) by striking out "$173" and "$34" in clause (D) and inserting in lieu thereof "$192" and "$38", respectively;

(5) by striking out "$42" in clause (E) and inserting in lieu thereof "$47";

(6) by striking out "$77" in clause (F) and inserting in lieu thereof "$86";

(7) by striking out "$111" and "$34" in clause (G) and inserting in lieu thereof "$123" and "$38", respectively;

(8) by striking out "$50" in clause (H) and inserting in lieu thereof "$56";

(9) by striking out "$112" in clause (I) and inserting in lieu thereof "$125"; and

(10) by striking out "$94" in clause (J) and inserting in lieu thereof "$105".

CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS

SEC. 103. Section 362 is amended by striking out "$274" and inserting in lieu thereof "$305".

TITLE II—SURVIVORS' DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS

RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES

SEC. 201. (a) Subsection (a) of section 411 is amended to read as follows:

"(a) Dependency and indemnity compensation shall be paid to a surviving spouse, based on the pay grade of the person upon whose death entitlement is predicated, at monthly rates set forth in the following table:

"Pay grade	Monthly rate	Pay grade	Monthly rate
E-1	$415	W-4	$595
E-2	$428	O-1	$525
E-3	$438	O-2	$542
E-4	$466	O-3	$580
E-5	$479	O-4	$613
E-6	$490	O-5	$676
E-7	$514	O-6	$761
E-8	$542	O-7	$824
E-9	[1] $567	O-8	$903
W-1	$525	O-9	$970
W-2	$546	O-10	[2] $1,061
W-3	$562		

"[1] If the veteran served as sergeant major of the Army, senior enlisted adviser of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $610.

"[2] If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,138.".

(b) Subsection (b) of such section is amended by striking out "$43" and inserting in lieu thereof "$48".

(c) Subsection (c) of such section is amended by striking out "$112" and inserting in lieu thereof "$125".

(d) Subsection (d) of such section is amended by striking out "$56" and inserting in lieu thereof "$62".

RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

SEC. 202. Section 413 is amended—

(1) by striking out "$189" in clause (1) and inserting in lieu thereof "$210";

(2) by striking out "$271" in clause (2) and inserting in lieu thereof "$301";

(3) by striking out "$350" in clause (3) and inserting in lieu thereof "$389"; and

(4) by striking out "$350" and "$71" in clause (4) and inserting in lieu thereof "$389" and "$79", respectively.

RATES OF SUPPLEMENTAL DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

SEC. 203. Section 414 is amended—

(1) by striking out "$112" in subsection (a) and inserting in lieu thereof "$125";

(2) by striking out "$189" in subsection (b) and inserting in lieu thereof "$210"; and

(3) by striking out "$96" in subsection (c) and inserting in lieu thereof "$107".

MISCELLANEOUS DEPENDENCY AND INDEMNITY COMPENSATION AMENDMENTS

SEC. 204. Section 413 is further amended by inserting "(a)" immediately before "Whenever", and by adding at the end thereof the following new subsection (b):

"(b) If dependency and indemnity compensation has been awarded to a veteran's child or children under this section, and the entitlement of an additional child is later established effective retroactively, the retroactive award payable to the additional child shall equal the difference between the total of the increased award for the retroactive period and the prior total award for that period.".

SEC. 205. Section 414(c) is further amended by adding the following at the end thereof: "However, if during the month in which such child reaches age eighteen he or she is also being considered a child below age eighteen for purposes of additional dependency and indemnity compensation for a surviving spouse under subsection 411(b) of this chapter, the amount of the child's award for that month will be reduced by an amount equal to the surviving spouse's additional award, for the same month, attributable to the child.".

TITLE III—EFFECTIVE DATE

SEC. 301. The amendments made by this Act shall apply only to payments for months beginning after September 30, 1981.

[No. 19]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

Executive Office of the President,
Office of Management and Budget,
Washington, D.C., June 12, 1981.

Hon. Alan K. Simpson,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This is in response to your request of May 4, 1981, for the views of this Office on S. 917, a bill "To amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; and for other purposes."

This bill is an Administration proposal submitted to the Congress by the Veterans' Administration, and is reflected in the President's revised fiscal year 1982 budget. It would provide a cost-of-living increase in the rates of compensation paid to service-connected disabled veterans and dependency and indemnity compensation paid to their survivors.

We recommend enactment of S. 917, which is in accord with the program of the President.

Sincerely,

James M. Frey,
Assistant Director for
Legislative Reference.

II

97TH CONGRESS
1ST SESSION

S. 1297

To amend title 38, United States Code, to increase the compensation payable to veterans who have lost or lost the use of both upper extremities as the result of service-connected disability.

IN THE SENATE OF THE UNITED STATES

JUNE 2 (legislative day, JUNE 1), 1981

Mr. THURMOND (for himself and Mr. STAFFORD) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

---

A BILL

To amend title 38, United States Code, to increase the compensation payable to veterans who have lost or lost the use of both upper extremities as the result of service-connected disability.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 314 of title 38, United States Code, is amended by—

(a) striking from subsection (l) the words "both hands, or";

★(Star Print)

(b)(1) striking from subsection (m) the words "two extremities" and inserting in lieu thereof "both hands, or both legs"; and

(2) striking out the words "elbow or" in subsection (m);

(c) striking from subsection (n) everything after the phrase "as the result of service-connected disability," and by inserting in lieu thereof all of the following: "has suffered the anatomical loss or loss of use of both arms at a level, or with complications preventing natural elbow action with prosthesis in place, or has suffered the anatomical loss of both legs so near the hip as to prevent the use of a prosthetic appliance, or has suffered the anatomical loss of both eyes, the monthly compensation shall be $1,581"; and

(d) inserting in subsection (o) immediately following the comma after the phrase "total blindness with 5/200 visual acuity or less," all of the following: "or if the veteran has suffered the anatomical loss of both arms so near the shoulder as to prevent the use of a prosthetic appliance,".

SEC. 2. The amendments made by the first section of this Act shall take effect October 1, 1981.

[From the Congressional Record, Vol. 127, No. 82, p. S5666—Senate, June 2, 1981]

LEGISLATION TO INCREASE VA COMPENSATION RATES FOR VETERANS WHO HAVE SUFFERED THE LOSS OF BOTH UPPER EXTREMITIES

Mr. **THURMOND**. Mr. President, I rise to introduce legislation that would amend section 314, title 38, U.S.C., which would increase rates of disability compensation payable to veterans who have suffered the loss or loss of use of both upper extremities as a result of a service-connected disability.

Mr. President, according to data received from the Veterans Administration, there are 125 veterans who have suffered the service-connected loss of both upper extremities and 357 veterans who have incurred the service-connected loss of use of both upper extremities.

Depending upon the degree of impairment and/or the site of the extremity amputation involved, these veterans are rated by the VA in the upper special statutory award categories under section 314 of title 38. My bill would advance these veterans one full step in their present statutory award category. This would amount to an average increase of some $250 per month to these severely disabled veterans.

Mr. President, in view of the many and varied disabilities one may have, the compensation rating schedule is very complex in its effort to adequately compensate for service-connected injuries. However, under current law, a certain distinction is made—and a higher rate of compensation is paid—with respect for the loss of a single upper extremity, if that extremity is on the right or left side of a right- or left-handed veteran. In contrast, this higher rating is not reflected in the case of a single lower extremity loss since there is no comparable dexterity function that is involved.

However, when considering bilateral upper and lower extremity losses, this distinction is not carried through and both classes of double amputees are treated the same. I believe this is a disparity that should be rectified.

Mr. President, I believe upon close examination of the loss of function suffered by bilateral arms amputees and the very limited extent of function restored by their prosthetic devices, one will agree that veterans so disabled suffer a more distinct disadvantage in terms of their ability to function in their daily activities than those veterans who suffer the loss of both legs.

Mr. President, I ask unanimous consent that my bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

* * * * * * *

[No. 28]

COMMITTEE ON VETERANS' AFFAIRS. U.S. SENATE

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., June 30, 1981.

Hon. ALAN K. SIMPSON,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of June 8, 1981, for the views of this Office on S. 1297, a bill "To amend title 38, United States Code, to increase the compensation payable to veterans who have lost or lost the use of both upper extremities as the result of service-connected disability."

In testimony before your Committee on June 11, 1981, the Veterans' Administration recommended against enactment of S. 1297. We concur in the views expressed in VA's testimony and, accordingly, do not recommend enactment of this bill.

Sincerely,

JAMES M. FREY,
Assistant Director for
Legislative Reference.

(1)

97TH CONGRESS
1ST SESSION

S. 1315

To amend title 38 United States Code, to provide that the pension of a veteran who is blind as a result of a non-service-connected disability and who is being furnished hospital care by the Veterans' Administration in a Veterans' Administration center operated exclusively for the rehabilitation of blinded veterans shall not be reduced because the period of care of such veteran extends more than three months.

IN THE SENATE OF THE UNITED STATES

JUNE 3 (legislative day, JUNE 1), 1981

Mr. SIMPSON introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

---

A BILL

To amend title 38, United States Code, to provide that the pension of a veteran who is blind as a result of a non-service-connected disability and who is being furnished hospital care by the Veterans' Administration in a Veterans' Administration center operated exclusively for the rehabilitation of blinded veterans shall not be reduced because the period of care of such veteran extends more than three months.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3203(a)(1)(b) of title 38, United States Code, is amended by striking out the period at the end and inserting in lieu thereof the following: "unless the veteran is a blinded person and the care is being furnished by a Veterans' Administration blind rehabilitation center or clinic.".

[From the Congressional Record, Vol. 127, No. 83, p. S5686—Senate, June 3, 1981]

PENSIONS OF VETERANS BLINDED AS A RESULT OF NON-SERVICE-CONNECTED DISABILITY

Mr. SIMPSON. Mr. President, I send to the desk another bill to amend title 38, United States Code to provide that the pension of a single veteran who is blind as a result of a non-service-connected disability and who is participating in a program of rehabilitation operated by the Veterans' Administration exclusively for the rehabilitation of blinded veterans shall not be reduced because the period of care of such veterans extends more than 3 months.

We have the situation where most blinded veterans do complete their training in just under 3 months. However, there are a few such veterans who require more than 3 months to complete their rehabilitative training and who choose to terminate their training early to avoid reduction in their pensions.

This provision will eliminate this unintended disincentive to completion of rehabilitative training by non-service-connected blinded veterans. The cost impact of that measure is not at all significant.

Then the final two in the packet, and the reason these are being presented, Mr. President, is to assure that we have appropriate hearings before we get to the next issue of business of the Veterans' Affairs Committee to deal with these.

The text of the bill follows:

* * * * * * *

[No. 27]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., June 30, 1981.

Hon. ALAN K. SIMPSON,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of June 8, 1981, for the views of this Office on S. 1315, a bill "To amend title 38, United States Code, to provide that the pension of a veteran who is blind as a result of a non-service-connected disability and who is being furnished hospital care by the Veterans' Administration in a Veterans' Administration center operated exclusively for the rehabilitation of blinded veterans shall not be reduced because the period of care of such veteran extends more than three months."

For the reasons stated by the Veterans' Administration in its testimony on this legislation before your Committee on June 11, 1981, we favor enactment of S. 1315.

Sincerely,

JAMES M. FREY,
Assistant Director for
Legislative Reference.

(1)

II

97TH CONGRESS
1ST SESSION

S. 1317

To amend title 38, United States Code, to provide that remarriage of the surviving spouse of a veteran after age sixty-two shall not result in termination of dependency and indemnity compensation.

IN THE SENATE OF THE UNITED STATES

JUNE 3 (legislative day, JUNE 1), 1981

Mr. SIMPSON introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

---

A BILL

To amend title 38, United States Code, to provide that remarriage of the surviving spouse of a veteran after age sixty-two shall not result in termination of dependency and indemnity compensation.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 103(d) of title 38, United States Code, is amended by adding the following new paragraph after paragraph (3):

"(4) The remarriage after age sixty-two of a surviving spouse of a veteran shall not bar payment of benefits under section 411 of this title.".

[From the Congressional Record, Vol. 127, No. 83, p. S5686—Senate, June 3, 1981]

REMARRIAGE NOT TO RESULT IN TERMINATION OF DEPENDENCY AND INDEMNITY COMPENSATION

Mr. SIMPSON. Finally, Mr. President, I send to the desk a bill to amend title 38, United States Code, to provide that remarriage of the surviving spouse of a veteran after age 62 shall not result in termination of dependency and indemnity compensation.

We find that many of these survivors have cared continuously for a severely disabled spouse over and for a number of years, which often precludes them from pursuing a career. Upon the veteran's death the widow or widower is left without any means of support other than dependency and indemnity compensation know as DIC.

Those surviving spouses are often older citizens who have devoted their lives to caring for a service-disabled veteran. We believe that it is indeed unfair to deny them the benefits which they earned over the many years of devoted service simply because they might remarry during their latter years.

Many such individuals have stated to us that they live together rather than marry at that time because of the service income limitation, and they would welcome the opportunity to formalize their relationship without increasing financial hardship.

This bill and our consideration of it might well assist in their doing so.

The text of the bill follows:

* * * * * * *

[No. 29]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

Executive Office of the President,
Office of Management and Budget,
Washington, D.C., June 30, 1981.

Hon. Alan K. Simpson,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This is in response to your request of June 8, 1981, for the views of this Office on S. 1317, a bill "To amend title 38, United States Code, to provide that remarriage of the surviving spouse of a veteran after age sixty-two shall not result in termination of dependency and indemnity compensation."

For the reasons stated by the Veterans' Administration in its testimony on this legislation before your Committee on June 11, 1981, we favor enactment of S. 1317.

Sincerely,

James M. Frey,
Assistant Director for
Legislative Reference

Chairman **Simpson**. We will begin the hearing today with testimony from the VA. Because of the large number of witnesses, we will divide the witnesses into series of panels. Mr. Hagan, if you will assemble your group from the VA, we will proceed.

TESTIMONY OF JOHN HAGAN, ACTING DIRECTOR FOR COMPENSATION AND PENSION SERVICE, VETERANS' ADMINISTRATION, ACCOMPANIED BY HERBERT MARS, ASSISTANT DIRECTOR FOR POLICY AND PLANNING; ALBERT W. GLASS, DIRECTOR OF LOAN GUARANTY SERVICE; JAMES P. KANE, ASSISTANT GENERAL COUNSEL; JOHN H. THOMPSON, DEPUTY ASSISTANT GENERAL COUNSEL; AND LEONARD MALAMUD, DEPUTY ASSISTANT GENERAL COUNSEL

Mr. **Hagan**. Good morning, sir. Mr. Chairman, members of the committee, I am pleased to be here this morning on behalf of the Veterans' Administration to discuss several proposals, which you have mentioned, administered by the Department of Veterans Benefits.

I do have with me this morning the persons shown as appearing here as witnesses.

The first bill that I would like to discuss is Senate bill 917. This is the increase being requested of 11.2 percent for service-connected disabilities. This is consistent with the increase that has been granted by social security and by the Veterans' Administration for pension benefits.

The next bill is the one that would provide for an increase to $5,000 from $3,800 for the allowance payable for the purchase of an automobile. There has not been an increase in this grant since about 1978 so we feel that justification can be shown for this increase.

The portion of the bill would extend the benefit of adaptive automobile equipment to those veterans who have ankylosis of one or both knees or both hips. The Veterans' Administration feels that this is not a justifiable benefit as we know the program for assisting veterans.

The allowance as it is now constituted is one for rehabilitative purposes. We feel that this would be giving a benefit that we cannot entirely justify. The proposed amendment to section 3202(b), title 38, provides for veterans who were hospitalized because of blindness and in training not to have their benefits reduced after a 3-month period. The current law provides that whenever a veteran with no dependents is hospitalized, then pension benefits should be reduced to $60 a month.

We consider this to be a disincentive to veterans who we would like to put into a training program. The training program is conducted in the hospital facility and because it is and because of the way the regulation is written, we have to reduce the veterans' benefits after 3 months.

We feel that if this provision was changed for these veterans, more of them would be willing to go into this training program.

The next bill is Senate bill 1316. This deals with graduated-payment mortgages. Here again, we feel that this is program that is to assist veterans acquire homes who starting out in life not earning as much as their potential will show them to earn in the future.

This would provide for lower mortgage payments in the first several years with interest being added on to the mortgage and with the mortgage payments going up in subsequent years. The increase would be made annually. Under one of the plans, VA would take into consideration the application in the value of the property in future years to minimize the amount of the downpayment which would otherwise be required.

A technical amendment is also included in this bill which would provide that the Administrator can deduct from future VA benefit payments home loan indebtedness.

This is to assist us in collecting the home loan debts owed to the Veterans' Administration. There is a provision in Public Law 96-466 that provides for us to recoup benefits, but we are asking that this section be deleted from the law because it seems that there is a conflict in it.

The next bill, Senate bill 415, provides for an increase of $30,000 to $35,000 for the maximum grant on a VA special adaptive housing loan. We feel that there is justification for this increase because of rising house prices. This increase would be a special benefit to veterans seeking this type of a grant.

The next bill is one that involves dependency and indemnity compensation and this provides that where a widow of a veteran remarries after age 62 that her benefits would continue. Here again, we feel that at that age, a person marrying would probably marry someone of a similar age who is either at the retirement age or has retired and would not be able to support a wife and we think that this would benefit the widow.

Senate bill 911 is dealing with pension for the surviving spouse of Medal of Honor recipients. It would provide a monthly award if the widow of a Medal of Honor recipient was married to the veteran at the time of the act of heroism——

Chairman **SIMPSON**. Could you summarize——

Mr. **HAGAN**. There are also several bills that provide for changes in the law that provides for the placement of markers in our cemeteries and in private cemeteries.

Chairman **SIMPSON**. Since you are addressing something with such a wide range, let me give you a couple more minutes.

Mr. **HAGAN**. I would appreciate that. Senate bill 779 would make some changes in the law to provide the authority of the Veterans' Administration and the Administrator to place markers and memorials in cemeteries other than the national cemetery.

There is a change that we would like to see in the bill to show that not only would this apply to those members killed in the Armed Forces but veterans as well.

Senate bill 112 does pretty much the same thing, but we are supporting S. 779 with the statements to support it that we have in the record.

Senate bill 915 authorizes the Administrator of Veterans' Affairs to provide a memorial plaque or marker. Currently, we can only place these in cemeteries. We feel that if there is some appropriate place that the next of kin would like to have the marker or memorial placed, we think that they should be allowed to do so.

Mr. Chairman, I have summarized as quickly as possible this statement.

Chairman SIMPSON. I appreciate that very much, Mr. Hagan.

[The prepared statement of John W. Hagan and the Veterans' Administration's response to written questions submitted by Hon. Alan Cranston, follow:]

PREPARED

STATEMENT OF JOHN W. HAGAN
DEPUTY CHIEF BENEFITS DIRECTOR
DEPARTMENT OF VETERANS BENEFITS
VETERANS ADMINISTRATION
BEFORE THE
SENATE COMMITTEE ON VETERANS' AFFAIRS
JUNE 11, 1981

Mr. Chairman and members of the Committee:

I am pleased to be here this morning on behalf of the Veterans Administration to discuss several proposals which would affect programs administered by the Department of Veterans Benefits and Department of Memorial Affairs. I will first discuss six bills directly affecting benefits for individual veterans, then two bills affecting benefits for the survivors of veterans and, finally, three bills concerning memorial markers for certain deceased veterans.

I. Compensation, DIC, Automobile Allowance and Pension Proposals

S. 917

This bill, the "Veterans' Disability Compensation and Survivors' Benefits Amendments of 1981", is an Administration proposal which would:

a. increase by 11.2 percent the basic rates of monthly compensation payable to veterans for

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service-connected disabilities, as well as the additional amounts authorized for veterans with dependents;

b. increase by the same percentage the monthly rates of Dependency and Indemnity Compensation (DIC) payable to surviving spouses and children of veterans whose deaths were service connected, and also the rates of compensation payable to certain surviving spouses and the surviving children of certain veterans who died of non-service-connected causes but were rated as totally disabled due to service-connected causes at death;

c. increase the annual clothing allowance to certain veterans wearing or using prosthetic or orthopedic appliances, also by 11.2 percent;

d. reduce costs by the elimination of certain duplications of DIC payments; and

e. reduce administrative costs associated with recomputation and collection of overpayments necessary when a child is retroactively added to a class of dependents entitled to DIC.

Mr. Chairman, the Veterans Administration considers administration of the disability compensation and DIC programs to be among its most important missions. The nation rightfully acknowledges a great sense of obligation toward those disabled in the cause of her defense, and to the survivors of those who have made the supreme sacrifice as the result of this service.

While the Administration has called for stringent budgetary restraint, it is firmly committed to keeping benefit rates under each of these programs responsive to changing economic conditions. We support rates of increase for FY 1982 which would comport with the 11.2 percent cost-of-living increase in social security which went into effect on June 1, 1981. The President's revised budget includes estimates of $946 million in FY 1982 and $967.8 million by FY 1986 for these increases, which would be effective October 1, 1981.

S. 1297

S. 1297 would increase the rates of compensation payable for disabilities involving the loss, or loss of use, of both upper extremities.

Presently, disabilities involving such losses are compensated at the rates established by subsections (l) through (n) of section 314, title 38, United States Code. The basic rates of compensation found in subsections (a) through (j) of section 314 are intended to compensate individuals for reductions in earning capacity attributable to service-connected disabilities. In addition, special rates of compensation, that is, rates which exceed the rate provided for disabilities considered 100 percent disabling, are furnished in subsections (l) through (r) of section 314, in recognition of the very serious debilitating effects of certain disabilities. Included among the disorders for which special rates are provided are anatomical losses, or losses of use, of the upper extremities. The current scheme for compensating disabilities of this type is as follows: under subsection (l), anatomical loss or loss of use of both hands entitles the veteran to compensation of $1,262 per month. Subsection (m) provides compensation of $1,391 per month for anatomical loss or loss of use of two extremities at a level, or with complications, preventing natural elbow or knee action when a prosthesis is in place. The next level of compensation is $1,561 per month, which is available under subsection (n) for anatomical loss of two extremities so near the shoulder or hip as to prevent the use of a prosthetic appliance. Under subsection (o), $1,768 per month is payable to any veteran entitled to two or more of the rates provided in subsections (l) through (n).

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The general design of S. 1297 is to provide the next higher rate of compensation under subsections (l) through (o), for those disabilities which involve loss or loss of use of both upper extremities. We are of the opinion that the full-step increases provided in S. 1297 for all these disabilities do not necessarily correlate accurately with the actual degree of dysfunction associated with the losses in question.

Accordingly, we do not recommend enactment of S. 1297.

We estimate the cost of S. 1297, if enacted, to be less than $1 million per year.

S. 416

S. 416 would increase to $5,000 (from the current $3,800) the maximum automobile allowance payable under section 1902 of title 38, and would also enlarge the class of veterans eligible for automobile adaptive equipment. The automobile allowance provided in section 1902 was last increased by Pub. L. No. 95-479, effective October 1, 1978. Then, as now, we supported a policy of insuring that this VA benefit rate remains responsive to changing economic conditions by enactment of periodic increases. In view of the 34-percent increase in the Consumer Price Index

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(from 199.1 as of October 1, 1978, to 266.8 as of April 1, 1981) since the last increase in the automobile allowance, we favor its further increase to $5,000. We estimate that such an increase would result in an annual cost of $840,000 in FY 1982 and $600,000 by FY 1986, with a total five-year cost of $3.8 million.

This bill would also extend eligibility for adaptive automotive equipment to veterans entitled to compensation under chapter 11 for ankylosis of one or both knees, or one or both hips. There would be no period-of-service limitation. Equipment standards would be that equipment necessary to meet applicable licensure requirements of the jurisdiction in which the veteran resides or, as determined by the Chief Medical Director, that necessary for the safe operation of the vehicle by the veteran.

As I previously stated, current law authorizes VA payment to certain profoundly disabled veterans of $3,800 toward the purchase price of an automobile or other conveyance and, in addition, provides for furnishing the adaptive equipment deemed necessary to insure that the eligible person will be able to operate the vehicle. These benefits are available to individuals with service-connected loss or permanent loss of use of one or both feet or hands, or permanent impairment of vision of both eyes to a prescribed degree.

These benefits were established to foster the rehabilitation of certain veterans whose profound disabilities make mobility assistance of prime concern. It was recognized that continuing and secure access to an automobile had often proven indispensable in providing such veterans an opportunity for productive employment. With the enactment of Pub. L. No. 95-116, extending to veterans of any period of service entitlement to an automobile allowance and adaptive equipment under the same conditions as veterans of service on and after September 16, 1940 (to whom eligibility had been limited previously), the purpose for these benefits has become somewhat more general.

If S. 416 would be enacted, one general disability would be singled out as a basis for furnishing adaptive equipment. Ankylosis of one or both knees or one or both hips in a given case may not require adaptive equipment. This proposal, however, vests no authority in the Administrator to determine actual need for adaptive equipment as long as the licensing authority of a State so requires. More basic than that, however, is the fact that, unlike the existing automotive benefit which is still primarily rehabilitative in nature, it is not clear that this bill would serve any significant rehabilitative purpose. Accordingly, we believe enactment c.

of the bill would further dilute the real purpose and justification for this benefit. Moreover, unlike the profoundly disabled veterans to whom the adaptive equipment benefits have historically been limited, the proposed beneficiaries of this bill are not, to our knowledge, significantly restricted in their access to public transportation.

For most of those individuals under this bill who require a private conveyance, the magnitude of the costs of the adaptations involved is not great relative to the cost of the vehicle itself. However, certain of these adaptations, such as automatic transmissions, are now standard equipment on many automobiles. By subsidizing these costs, the VA would, in effect, be supplementing the disability compensation afforded certain veterans, not because of the severity of disability but rather because of the nature of their condition. We question the desirability of establishing this precedent.

While the adaptive equipment program has been of invaluable assistance in rehabilitating disabled veterans, its gradual expansion and the growing demand for these benefits have resulted in the development of a complex, cumbersome administrative process. We would anticipate still further problems in administering this proposed expansion of the adaptive equipment program. We do not believe it is in the best interest of the profoundly disabled veterans most in need of automobile and adaptive equipment benefits. Accordingly, we oppose the enactment of this provision of S. 416.

We estimate that if S. 416 is enacted, the five-year cost for this new eligibility category would be $19.2 million, with a first-year cost of $6.8 million.

S. 1315

S. 1315 proposes to amend section 3202(a)(1)(B) of title 38, United States Code, by providing an exception to the pension-limitation provision of that section which, under current law, affects certain veterans in receipt of VA pension who are hospitalized in a VA facility. This exception is intended to benefit those blinded veterans whose VA hospitalization occurs because of admission to a VA Blind Rehabilitation Program. The specific purpose of the bill is to provide that the pension of a veteran, who is blind as the result of a non-service-connected disability and who is being furnished hospital care by the VA in a VA center operated exclusively for the rehabilitation of blinded veterans, would not be reduced, even though the period of such care extends for more than three months.

Under section 521 of title 38, United States Code, and section 306 of Pub. L. No. 95-588, monthly need-based pension benefits are payable to wartime veterans who are totally and permanently disabled from non-service-connected causes. Under section 610(a) of title 38, such veterans are eligible for VA hospital care, which includes rehabilitative services. Thus, blinded veterans in receipt of pension are eligible for admission to Blind Rehabilitation centers and clinics for the purpose of rehabilitative training.

The purpose of VA pension benefits is to assist in meeting pensioners' income-maintenance needs. During hospitalization, those needs are met by the VA facility. In order to avoid duplication of benefits, section 3203(a)(1)(B) provides that pension benefits may not exceed $60 per month where a veteran who has no spouse or child is hospitalized in a VA facility after the third full month following the month of admission. In the event that a hospitalized veteran's monthly pension benefit substantially exceeds $60, a prolonged hospital stay may result in a sizeable reduction in the veteran's cash income.

The Blind Rehabilitation Program, operated by the VA's Department of Medicine and Surgery, is intended to serve the needs of veterans with service-connected and non-service-connected blindness by helping them overcome the catastrophic effects of this severe disability. The pre-vocational training offered in this program helps the blinded veteran cope with the impositions of his or her disability and consists of re-orientation to, and performance of, the daily routines of life. This training is a beneficial preliminary to vocational rehabilitation and subsequent re-entry into the employment market.

The average stay in a VA facility for a veteran who has been admitted to the Blind Rehabilitation Program is from 13 to 16 weeks. Where the veteran is in receipt of VA pension and has no spouse or child, the effect of section 3202(a)(1)(B) is taken into consideration in counseling the veteran with regard to prospective admission to the program. In some cases, the reduction in pension can be avoided by admitting the veteran to the program early in the month, thereby allowing completion of the program prior to the three full months of hospitalization that are a condition precedent to the required reduction. However, if admission occurs late in the month, or the veteran requires a greater length of stay, a pension reduction may be unavoidable.

The potential for such reductions, we believe, may act as a disincentive to blinded veterans in need of the rehabilitative services available in this program. Where the veteran has continuing obligations, such as household maintenance expenses, the veteran may not be in a position to undertake the risk of a substantial diminution of the monthly income needed to maintain a household and pay recurring debts during the period of hospitalization.

The risk of a sizeable reduction in monthly income, then, may act as a disincentive to enter the program or as a reason for premature termination.

Those pensioners who enter the Rehabilitation Program, like other blinded veterans in the program, are strongly motivated to achieve the capabilities needed to cope with the severe handicap of blindness. The enactment of S. 1315 would, in our view, strengthen this motivation by removing the concern such veterans may have regarding their ability to meet ongoing expenses. We do not believe that enactment of this provision would create an incentive to remain in the institution unnecessarily; our experience has been that veterans seeking rehabilitative training have as their long-term objective the desire to return, as soon as possible, to mainstream living and to the pride, satisfaction, and fulfillment derived from productive employment. For the foregoing reasons, we favor the enactment of S. 1315.

The overall number of veterans in the program averages approximately 700 per year. We believe that the number of pensioners who would be affected by the enactment of this bill is relatively small; thus, the impact on the program would be confined to a slight increase in applications for admission and a slightly longer waiting list. The increase in benefit costs is expected to be less than $1 million in any fiscal year.

II. Home Loans and Specially Adapted Housing

S. 1316

S. 1316 would authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment mortgages. This measure is similar to H.R. 2039 which was passed by the House of Representatives on June 2, 1981.

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We have consistently construed the present law as mandating that each VA-guaranteed loan be repaid in approximately equal monthly installments.

S. 1316 appears to be patterned after section 245 of the National Housing Act which permits graduated-payment mortgages on loans insured by the Secretary of Housing and Urban Development. During the early years of the loan, a portion of the interest due on the loan each month is deferred and added to the principal balance. This results in initial monthly payments which are lower than the corresponding monthly payments on a traditional mortgage. The monthly payments will increase periodically, usually annually, to successively higher levels. After a certain number of years, the payments will level off and continue at that level for the duration of the loan.

In setting the maximum loan which VA may guarantee under S. 1316, VA may take into account projected increases in the value of the property being purchased. This will permit VA to liberalize downpayment requirements, while still maintaining the concept that VA home loans be adequately secured.

This bill would also amend section 1828 of title 38 to exempt graduated-payment loans from certain restrictive provisions of State laws, e.g., prohibitions of charging interest on interest, or requirements for a minimum loan amortization. Graduated-payment loans insured by HUD under section 245 of the National Housing Act currently enjoy such an exemption.

A graduated-payment plan, as is proposed by S. 1316, may be of benefit to younger, lower-income veterans who can reasonably anticipate increased income in later years through job advancement.

S. 1316 also contains a technical amendment which would delete section 1826(a) from title 38, United States Code. The Veterans Rehabilitation and Education Amendments of 1980, Public Law 96-466, which was enacted October 17, 1980, added a new section 3114 to title 38. This new section specifically requires the Administrator to deduct from future VA benefit payments to a person any amounts for which that person may be indebted to the Government arising from that person's participation in a benefits program administered by this agency. Section 1826(a) previously prohibited VA from offsetting home loan debts against other VA benefits without the debtor's consent. The new section 3114 thus superseded the prohibition of 1826(a), and in effect repealed it by implication. This new conforming amendment would therefore delete a repealed provision from title 38.

Accordingly, Mr. Chairman, the Veterans Administration favors enactment of S. 1316.

We estimate that enactment of this proposal would result in additional outlays of approximately $1.9 million in FY 1982 with a total five-year outlay of $24.8 million.

S. 415

S. 415 would amend section 802(a) of title 38, United States Code, to increase from $30,000 to $35,000 the maximum grant the VA could make to certain disabled veterans in acquiring suitable housing units specially adapted to the nature of their disabilities. The specially adapted housing grant is limited to 50 percent of the total cost of the house. Generally, it is designed to assist veterans who have lost or lost the use of both lower extremities, or who have lost or lost the use of one lower extremity and who also have either lost or lost the use of one upper extremity, or are blind.

As the cost of housing has increased, so too has the cost of the average specially adapted home. We believe that the increase in the maximum grant proposed by S. 415 would be consistent with historical increases in the grant amount and current prices of housing.

The bill would also make certain editorial changes to section 802 in line with current Government policy of using precise terms denoting gender.

We would like to invite your attention to one additional editorial matter in section 802. Currently, section 802(b) begins, "Except as provided in section 804(b)(2) of this title. . . ." The reference to section 804(b)(2) is erroneous as 38 U.S.C. § 804(b) has no numbered subdivisions. You might wish to consider amending S. 415 to correct that reference.

The Veterans Administration favors enactment of S. 415. We estimate that enactment of this bill would result in a cost of $2.55 million for FY 1982 and a five-year total cost of $12.25 million.

III. Survivors' benefits

Next, I would like to discuss two bills affecting benefits for survivors of veterans.

S. 1317

S. 1317 would provide for continuation of payment of dependency and indemnity compensation (DIC) benefits to recipient surviving spouses age 62 or over who remarry. Under current law, remarriage of a surviving spouse terminates entitlement to DIC benefits, although payment may be resumed if the remarriage is terminated by death or divorce.

Until 1970, remarriage constituted a permanent bar to the payment of VA gratuitous benefits to veterans' surviving spouses. Pub. L. No. 91-376, enacted in that year, provided for the restoration of DIC (or pension) benefits if the remarriage is terminated by death or divorce. Thus, a surviving spouse may enter a second marriage without fear of economic deprivation should the second marriage end. This provision is especially beneficial to older surviving spouses who would tend to remarry persons of advanced years.

S. 1317 appears to be a logical extension of the beneficial provisions of Pub L. No. 91-376. When a surviving spouse of advanced age remarries, termination of DIC may impose severe financial hardship. The new spouse, similarly advanced in age, is generally preparing for retirement or already retired. The remarried surviving spouse's age generally precludes employment to supplement the loss of DIC. S. 1317 provides a remedy that would enable the remarried surviving spouse to remain at an economic level comparable to the level in existence prior to the remarriage. Thus, we favor the enactment of S. 1317.

We do not envision a substantial cost impact from this legislation. Under section 3010(g) of title 38 and 38 C.F.R. § 3.114, continuation of DIC benefits in the event of remarriage would not be retroactive to any date prior to the date of the enactment of the liberalizing legislation. We estimate that enactment of this bill would result in a cost of $4.0 million for FY 1982 increasing to $19.9 million by FY 1986, with a total five-year cost of $59.7 million.

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S. 911

S. 911 is a bill to provide for a special pension for the surviving spouse of a Medal of Honor recipient if the surviving spouse was married to the recipient at the time of the action for which the Medal of Honor was awarded.

Mr. Chairman, amidst the ugliness and tragedy of war, many individuals who have been called to our Nation's service have displayed outstanding courage and willingness to make sacrifices. The most supreme acts of heroism are recognized by the Medal of Honor, the highest award for individual bravery that can be given under our laws. Presented by the President in the name of the Congress, the Medal of Honor recognizes that the individual to whom it is awarded has risked his or her own life to perform a deed so valorous that, had it not been performed, no justifiable criticism could have been offered. The Medal of Honor and those who have earned it are of the greatest concern to our Nation. There are as of April, 1981, 270 living Medal of Honor recipients.

In 1918, Congress provided for a stipend to be paid to Medal of Honor recipients in order to enhance the Medal's significance and set it apart from all other decorations. The amount, originally $10 per month, was increased to $100 in 1961 and $200 in 1978. Under S. 911, the amount of special pension payable to the recipient's surviving spouse, if married to the recipient at the time of the valorous deed, would be $100 per month, one-half the rate payable to a recipient.

Mr. Chairman, we are opposed to this measure just as we have opposed similar measures offered in 1971, 1973, and 1974. The extension of special pension to certain survivors denigrates the basic purpose of Medal of Honor pension--an award that should remain personal to the recipient of this great honor. S. 911 suggests that there is some connection between the fact of marriage and the valorous deed, a connection that we do not believe exists. Moreover, this measure suggests that Medal of Honor pension should be regarded as similar to retirement income or other similar sources of income on which survivors' benefits, intended to replace income lost to the survivor when the retiree or breadwinner dies, are premised. The concept of replacing retirement or other income lost to a surviving spouse is, we believe, totally unrelated to the purposes of Medal of Honor pension.

We add that Congress has provided monetary benefits for the surviving spouses of veterans in a variety of contexts. Dependency and indemnity compensation is payable where the veteran's death is service connected. The social security program provides for benefits to the survivors of members of the Armed Forces. The several government service life insurance programs were especially designed to meet the needs of veterans' survivors. The need-based pension program provides for the survivors of wartime veterans whose deaths are non-service-connected. These programs extend, to veterans' survivors, benefits appropriate to their need and represent a more equitable approach than the proposed measure, which would confer special treatment for a certain class of survivors.

Because the number of Medal of Honor recipients is very small, the benefit cost of this measure would also be small, less than $1 million per year with administrative costs of less than $100,000 per year. We hasten to add that, in view of the important principles involved, we do not believe that the insignificant cost of this measure is a mark in its favor.

IV. Memorial Markers

Lastly, I would like to address three bills pertaining to memorial markers for certain deceased veterans.

S. 779

S. 779 would amend sections 906 and 1003 of title 38, United States Code.

Subsection 906(b) of title 38, United States Code, as amended by Pub. L. No. 95-479, authorizes the furnishing of memorial markers for veterans whose remains have not been recovered or identified, or were buried at sea, for placement in a national cemetery area reserved for such purposes under the provisions of subsection 1003(a) of title 38, or in any private or local cemetery. Section 1003 provides that the Administrator of Veterans Affairs shall set aside areas in national cemeteries to honor the memories of members of the

Armed Forces missing in action, or who died or were killed while serving in such forces and whose remains have not been identified, have been buried at sea, or have been determined to be nonrecoverable. S. 779 would amend subsections 906(b) and 1003(a) to authorize the provision of a memorial headstone or marker to commemorate those individuals whose remains were buried at sea, whether by their choice or otherwise, whose remains were donated to science or whose remains were cremated and the ashes scattered without interment of any portion of the ashes.

The Veterans Administration is fully in accord with the intent of this bill. Expansion of the qualifying conditions for furnishing a memorial headstone or marker as provided in S. 779 would, we believe, eliminate an apparent existing inequity. Presently, memorialization recognizes and honors the loyal service and sacrifice of certain persons whose remains cannot be interred, but does not honor those individuals who further sacrifice themselves for the betterment of mankind, for example, by donating their bodies to science, or those who are cremated and whose ashes are scattered and not interred. We believe recognition and honor are also due these persons.

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We believe, however, that passage of the bill, as proposed, would perpetuate an inconsistency in existing law which, in our opinion, should be corrected. As title 38 presently provides, subsection 906(b) authorizes the Administrator to furnish a memorial headstone or marker for "any veteran" for placement in a private or local cemetery or in a national cemetery area reserved for such purpose under the provisions of section 1003. However, subsection 1003(a) provides that the Administrator shall set aside suitable areas in national cemeteries to honor the memory of "members of the Armed Forces." Thus, while a marker may be provided for an eligible veteran, the Administrator lacks the authority to erect such a marker in the memorial area of a national cemetery if the veteran's death occurred after his service in the Armed Forces.

In view of the similar purpose of these provisions, we believe subsection 1003(a) should be amended by deleting the reference to "members of the Armed Forces," and substituting the term "veterans". In this fashion, subsections 1003(a) and 906(b) would be consistent in their coverage, especially in view of the definition of "veteran" set forth in subsection 1002(1) of title 38, which, for the purposes of chapter 24 of title 38, includes those individuals "who died in the active military, naval, or air service," i.e., members of the Armed Forces.

In addition, we believe the coverage of S. 779 should be expanded by authorizing the Administrator to place a memorial headstone or marker in any state veterans' cemetery as well as any private or local cemetery. This would be consistent with Pub. L. No. 95-476, enacted on October 18, 1978, which amended title 38 by authorizing a program of Federal financial assistance to the states for the establishment, expansion and improvement of state veterans' cemeteries.

Finally, since we are unaware of the rationale for the selection of the December 31, 1969, effective date proposed in the bill, and since we believe such a delimiting date would be unfair to veterans dying prior to that date, we propose that the bill's coverage be expanded to include veterans dying on or after December 7, 1941. This would, therefore, include individuals dying in World War II, the Korean conflict, the Vietnam era and intervening peacetime periods. While we do not have statistics to ascertain the number of veterans who would be involved, we believe the number would be very small indeed. In the 1940's, very few individuals donated their bodies to science. The trend seems to have evolved in the 1970's. Furthermore, the practice of cremation as a means of disposal after death was traditionally frowned upon in general and unaccepted by various religious faiths. The growing acceptance of cremation similarly is of recent origin.

We believe that enactment of this bill would result in minimal cost to the Veterans Administration.

With the suggested modifications to the bill as noted above, we would favor enactment of S. 779.

S. 112

S. 112 has a purpose similar to that of S. 779, but would amend only section 1003(a) of title 38. As I stated earlier, the Veterans Administration is fully in accord with the purpose behind legislation of this type and my prior testimony regarding S. 779 properly states this agency's position. However, we believe that, in order to achieve uniformity in the implementation of sections 906 and 1003, each should be simultaneously amended as proposed by S. 779. In addition, S. 112 would not provide for the memorialization of veterans whose remains were cremated and the ashes scattered without interment. Accordingly, while we are in agreement with the purpose behind S. 112, we would prefer the enactment of S. 779 and therefore oppose S. 112.

The enactment of this bill would result in minimal cost to the Veterans Administration.

S. 915

This bill would amend section 906(b) of title 38, United States Code, by authorizing the Administrator of Veterans Affairs to provide a memorial plaque or marker, in his discretion, to the next of kin of an individual who would otherwise be memorialized in a national, private or local cemetery if the remains of the individual have not been recovered, identified or have been buried at sea. Thus, in keeping with the wishes of the deceased's next of kin, the Administrator could authorize a plaque or memorial marker to be placed in an appropriate location designated by the next of kin, other than in a national, private or local cemetery, as presently provided for in sections 906(b) and 1003 of title 38, United States Code.

The proposal would be in keeping with the nature and purpose of memorialization while taking into consideration the wishes of the deceased's next of kin. Without the proposed amendatory language, however, a memorial plaque or marker to memorialize these veterans could not be placed in a location other than a cemetery. Clearly, there are situations where the next of kin may desire to place such a plaque or marker in a location other than a cemetery where the veteran could be honored in a fashion which would reflect the veteran's close ties with, for example, a university, service organization, etc. S. 915 would, therefore, be in keeping with the nature and purpose of memorialization while taking into consideration the wishes of the deceased's next of kin.

We favor the enactment of S. 915, which would result in minimal costs to the Veterans Administration.

Mr. Chairman, the total FY 1982 cost of all of these proposals is $964 million. As I indicated earlier, the $946 million estimated cost of S. 917 was included in the Veterans Administration's 1982 budget request. The remaining proposals would cost an additional $17 million in FY 1982. It is our understanding that the cost of any new legislation not currently reflected in the agency's ceiling under the budget resolution must be offset by savings in other areas of our budget. This concludes my formal statement. I will be pleased to respond to any questions you or other members of this Committee may have.

RESPONSE OF THE VETERANS' ADMINISTRATION TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE COMMITTEE ON VETERANS' AFFAIRS

1. QUESTION

With respect to my proposal, S. 416, the proposed "Veterans' Automobile Assistance and Adaptive Equipment Amendments of 1981", on page 8 of your statement you assert that those veterans who suffer from ankylosis of the hip or knee at a favorable angle are unlike those veterans who presently are eligible for the adaptive equipment allowance in that they are not "significantly restricted in their access to public transportation". Would you comment on why you consider a veteran who has lost the use of a minor hand -- a disability rated at 60-percent -- to be more "significantly restricted" in access to public transportation than a veteran who suffers from ankylosis of the hip at a favorable angle -- also rated at 60-percent disabling?

ANSWER

We believe that our comments regarding the rehabilitative focus of providing automobile adaptive equipment, made prior to our statement concerning restricted access to public transportation, must be considered before a comparison can be made between a veteran who suffers from ankylosis of the hip or knee at a favorable angle and a unilateral amputation of a non-dominant hand. As we stated, these benefits were established to foster the rehabilitation of certain veterans whose profound disabilities made mobility of vital importance. It was recognized that continuing mobility and secure access to an automobile had often proved indispensable in providing such veterans an opportunity for productive employment. Our statement regarding access to public transportation was made in view of the fact that the

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vast majority of veterans eligible for automobile adaptive equipment have disabilities which would restrict their use of public transportation, i.e., the loss or loss of use of one or both feet. We felt that this statement was appropriate since the proposed bill only addressed veterans with lower extremity involvement.

We admit that a unilateral, non-dominant arm amputee is not severely restricted in using public transportation. However, he is restricted in his operation of a motor vehicle. He cannot operate an automobile unless it is equipped with an automatic transmission and power steering. Also, the use of an upper extremity prosthesis is severely limited in the operation of a motor vehicle. On the other hand, a veteran with ankylosis of a knee or hip at a favorable angle may not require any adaptive equipment.

2. QUESTION

On pages 8 and 9 of your statement, you cite the development of a "complex, cumbersome administrative process" in connection with the growth of the automobile adaptive equipment program and assert that the expansion of the program for those who would benefit from the enactment of S. 416 would create "further problems". Please describe in detail the causes, nature, and extent of the "problems" to which you referred.

3.

ANSWER

Many items which are considered as automotive adaptive equipment are also desirable features to the average person, i.e., air conditioning, power steering, power brakes, automatic transmission, power windows, CB radios, etc. While some or all of these items are necessary to insure the safe operation of an automobile for veterans with certain disabilities, other requests are frequently received for equipment, which although desirable, is not necessary. These requests are, more often than not, supported by statements from private physicians, VA physicians not knowledgeable about the program, service organizations and/or state licensing authorities. This is especially true for air conditioning and CB radios.

We believe that the passage of S. 416 would cause further problems. Ankylosis of the hip and knee exists in varying degrees. Therefore, it would be difficult to determine in each case what equipment, if any, would be required. The limitations of vehicle operation are not readily apparent as in amputations or spinal cord injuries. Veterans who have no need for special equipment would undoubtedly submit supporting documentation, as previously mentioned, and a considerable number of congressional inquiries could be expected in support of these veterans' claims.

4.

3. QUESTION

Your cost estimate for the new eligibility that would be established by S. 416 -- first-year cost of $6.8 million and five-year costs of $19.2 million -- is significantly different from the informal cost-estimate prepared for me by the Congressional Budget Office prior to introduction of the measure earlier this year. In that connection, the Committee's minority staff was informed by the VA in January that the number of veterans in receipt of compensation for ankylosis of the hip or knee at a favorable angle -- VA disability rate code 5250 at 60 percent or less and code 5256 at 30 percent or less -- was 2,512. Based on that number of potential new beneficiaries, CBO estimated the cost of enactment of the new eligibility as $900,000 in the first year and $3 million for the five-year costs. Please provide a complete description of precisely how your cost-estimate was prepared, including the total number of potential new beneficiaries and how that number was determined and the average cost per new beneficiary and how that figure was computed.

ANSWER

As stated in our testimony of June 11, 1981, we estimate that enactment of S. 416 would result in a cost of $6.8 million for FY 1982 and a total five-year cost of $19.2 million. These figures were determined by estimating the total number of potential new beneficiaries and multiplying such figure by an average cost per new beneficiary. The number of veterans with ankylosis, excluding World War I veterans because of their advanced age, was determined to be 23,375 (RCS 21-21, Table 2, September 1980). This figure includes all veterans (other than World War I veterans) in receipt of disability compensation rated under the following disability codes: 5174 (hip replacement) - 141; 5250 (hip ankylosis) - 1,591; 5254 (hip flail joint) - 77;

5.
5255 (femur impairment) - 18,553; 5256 (knee ankylosis) - 3,151; and 5264 (knee replacement) - 132. It was assumed that 80 percent of these veterans would actually receive the adaptive equipment. Of these, 60 percent would receive the equipment in the first year and 40 percent would receive the equipment in the second year. It was further assumed that 5 percent of these veterans would require replacement equipment or repair in the second year after their initial grant, 20 percent in the third year, 50 percent in the fourth year, 20 percent in the fifth year and 5 percent in the sixth year. The average cost of the adaptive equipment per beneficiary was determined from actual average costs budgeted for FY 1981 adjusted to account for increases in the CPI as follows: FY 1982 - $1,140; FY 1983 - $1,226; FY 1984 - $1,306; FY 1985 - $1,385; and FY 1986 - $1,456. Since it is not clear what specific items of adaptive equipment are involved, the average cost figures used to calculate the cost per year figures were reduced by 50 percent of the budgeted average cost to exclude such unrelated items as CB radios, etc.

The first year administrative cost for all new cases was based on two work-measurement factors, EP No. 290 (Eligibility Determination) and Finance No. 2410 (Miscellaneous Voucher Group II). Once eligibility was established, only a correspondence factor, EP No. 400, was used to recognize additional processing action.

6.

The costs of the liberalization of eligibility are as follows (dollars in thousands):

FY	Additional Cases	Benefits Cost	Manyears	Administrative Cost
1982	11,400	$ 6,498	13	$277
1983	7,600	4,659	9	196
1984	570	373	--	--
1985	2,660	1,841	1	28
1986	7,220	5,256	4	78
		$18,627	27	$579

This cost estimate is a magnitude projection of the potentially entitled population. The actual population may be less, for we were unable to identify those under these disability codes who have been held to have suffered loss of use of an extremity and therefore are currently eligible for this allowance.

4. QUESTION

On page 7 of your testimony, you state, "If S. 416 would be enacted, one general disability would be singled out as a basis for furnishing adaptive equipment. Ankylosis of one or both knees or one or both hips in a given case may not require adaptive equipment. This proposal, however, vests no authority in the Administrator to determine actual need for adaptive equipment as long as the licensing authority of a state so requires."

A. Which states do you believe have or would, and what is the basis for your supposition in this regard, impose requirements for adaptive equipment in the cases of ankylosis of the knee or hip that is not so disabling as to necessitate such equipment in order to operate a motor vehicle safely?

B. Would your position on this proposal be significantly different if the Administrator were given the authority to make a determination overruling the state licensing authority's determination that the adaptive equipment is needed?

7.

ANSWER

A. All states have licensing restrictions which are placed on handicapped drivers because of the loss of or the loss of use of a limb. We know that the state licensing authorities are very liberal when dealing with disabled veterans. This was pointed out in an internal audit of this program in 1977 which cited a number of cases where CB radios were furnished unnecessarily upon the recommendation of state authorities. In one state (New Mexico) a blanket recommendation was made for all disabled drivers residing in that state. We believe that state authorities would apply their guidelines liberally and restrict a veteran's license, upon his request, to include certain items of adaptive equipment he wanted. If necessary, a private physician's statement (readily obtained) could be used by the veteran in support of his request. Since there would be a question of the varying degrees of ankylosis, the veteran's request would appear reasonable and be granted. It is far easier to get a license restricted than to have a restriction removed. State licensing facilities do not examine potential drivers, but rather, only their ability to operate a vehicle. In these cases, the ability to control a vehicle rests with the operator, not the state authorities.

8.

B. The proposed legislation would be more acceptable if the Administrator were given the authority to make a determination overruling the State licensing authority's determination that certain adaptive equipment is needed. However, we still would not favor passage of the legislation for the reasons previously stated.

5. QUESTION

A. With respect to your support for S. 1315, which would provide an exception to the pension-limitation provisions of section 3202(a)(1)(B) of title 38, United States Code, for certain non-service-connected blinded veterans participating in a VA Blind Rehabilitation Program, please state whether you believe a distinction can appropriately be made between a non-service-connected blinded veteran enrolled in a VA rehabilitation program and any other non-service-connected seriously disabled veterans -- for example, a non-service-connected paraplegic veteran -- who is hospitalized in a VA facility for rehabilitation purposes, and provide an explanation of the reasons for your answer.

B. Under the definitions of hospital care, medical services and rehabilitative services in section 601(5), (6), and (8) of title 38, a veteran eligible for VA hospital care is eligible for rehabilitative services needed "to restore, to the maximum extent possible, (his or her) . . . physical, mental, and psychological functioning". The care for which the veteran is eligible also includes "such mental health services, consultation, professional counseling, and training" for family members "as may be essential to the effective . . . rehabilitation" of the veteran. In light of these clear, extensive authorities for the provision of rehabilitation programs for VA hospital patients, would you favor a provision, as a logical extension of your support for S. 1315, authorizing the Administrator, in order to avoid the disincentive to participate in rehabilitation that the loss of pension benefits might create, to waive the pension-limitation provisions in section 3202(a) when a pensioner/veteran is undergoing a prescribed rehabilitation program, designed to lead to discharge and successful functioning in the community, that may be expected to extend beyond the third full month following the admission month?

9.

ANSWER

A&B. As noted in our August 29, 1980 response to your questions concerning this issue, we believe that it would not be inappropriate to explore further the extent to which the pension-reduction disincentives that arise as a result of section 3203(a)(1)(B) of title 38, United States Code, and discourage entry into the Blind Rehabilitation program, extend as well to other rehabilitative situations such as rehabilitative therapy for victims of strokes and spinal-cord injuries, as hospitalization for such therapy in many cases may exceed 3-months' duration. We reiterated this position in our December 8, 1980 letter to you. On the other hand, it is important to assure that any modification along the lines of S. 1315 does not create any disincentive to return to the community. At present, active consideration of the questions you pose is underway. We expect to provide a more detailed response within the near future.

6. QUESTION

On page 29 of your testimony, you state "It is our understanding that the cost of any new legislation not currently reflected in the agency's ceiling under the budget resolution must be offset by savings in other areas of our budget." Please explain the basis for this statement, the source of what you consider to be the requirement of an offset, and the consequence for any failure to comply with such a requirement. Also, there is no "agency ceiling" under the budget resolution, to what ceiling are you referring?

ANSWER

Our purpose in the statement to which you refer was to call the Committee's attention to the President's expectation that the Committee, in reporting legislation whose enactment would result in increased costs, will remain within the guidelines established under H. Con. Res. 115, as the Administration supports these guidelines. We recognize that the budgetary ceilings established for function 700, Veterans' Benefits and Services, under H. Con. Res. 115 are enforceable only through budget Acts and other Congressional procedures, as are the entitlement and direct spending ceilings applicable to the Committee, and that there is no express requirement that the Committee report cost-savings measures to offset any cost-increasing measures that would otherwise cause those ceilings to be exceeded.

7. QUESTION

With respect to your opposition to Senator Thurmond's proposal in S. 1297 to increase the compensation payable to veterans who have suffered the service-connected loss or loss the use of both upper extremities, you state, on page 5:

> The general design of S. 1297 is to provide the next higher rate of compensation under subsections (l) through (o), for those disabilities which involve loss or loss of use of both upper extremities. We are of the opinion that the full-step increases provided in S. 1297 for all these disabilities do not necessarily correlate accurately with the actual degree of dysfunction associated with the losses in question. Accordingly, we do not recommend enactment of S. 1297.

11.

Would your position be different if the increase was applicable only to those veterans now compensated at the level provided for in section 314(n), that is, to veterans who have "suffered the anatomical loss of both arms so near the shoulder as to prevent the use of a prosthetic appliance"?

ANSWER

Our records indicate that your alternative proposal would affect 7 to 10 veterans presently compensated at the rate provided in 38 U.S.C. § 314(n). The alternative you have suggested would remove one of our objections to S. 1297, and is presently under consideration. We expect to be able to provide a formal Administration position regarding this question as soon as executive branch coordination is completed.

8. QUESTION

I'm puzzled by the VA's support for the proposal in S. 1317 to provide for the continuation of DIC benefits to surviving spouses age 62 or older who remarry.

A. When the Administration is proposing to cut benefits for veterans and make cuts in spending which directly affects veterans -- such as in special pay for VA physicians -- how can the expenditure of almost $60 million over five years on an initiative which does not benefit the veteran be justified in terms of priorities for the use of the limited resources available for veterans' programs?

B. It is my understanding that DIC benefits are intended to discharge in part the Government's moral obligation to replace the financial support to certain survivors that the veteran who died from service-connected causes would have provided if he or she had not died. In the case of a surviving spouse, it thus could be argued that, while he or she is remarried, the moral obligation to provide financial support does not exist because the veteran, if still living, would have had no such obligation for the spouse who had married another person. Please comment on this line of analysis.

12.

ANSWER

A. We do not regard our support for S. 1317, which involves dependency and indemnity compensation (DIC) benefits payable to the surviving spouses of veterans who died in or as a result of their service to our Nation, as inconsistent with our support for cost-savings measures in other programs. The service-connected programs--compensation and DIC--are among the VA's highest program priorities, and S. 1317, which is a logical extension of the beneficial provisions of Pub. L. No. 91-376, furthers the VA mission of assuring that the survivors of veterans whose deaths were service connected are appropriately provided for. Our advocacy of and support for cost-savings measures affecting flight and correspondence training, non-service-connected burial benefits, and VA physicians' special pay would have, we believe, no impact on those priorities.

B. We do not disagree with the contention that, had the veteran lived, his or her moral obligation to support a spouse would terminate if, after dissolution of the marriage, the spouse remarried. However, this analysis is not persuasive as an argument against S. 1317 in view of Congress' enactment of Pub. L. No. 91-376, which supports the thesis

13.

that, where a veteran has died in service or as a result of service, the obligation of the Federal government to assure provision for the needs of the veteran's surviving spouse extends beyond the surviving spouse's remarriage.

9. QUESTION

With respect to S. 779 -- which would authorize the provision of a memorial headstone or marker to commemorate those veterans and servicepersons whose remains were buried at sea, were donated to science, or were cremated with the ashes being scattered without interment of any portion -- you propose, on page 26 of your testimony, to extend eligibility to those who died on or after December 7, 1941, instead of the delimiting date proposed in S. 779, December 31, 1969. What is your rationale for thus proposing to discriminate against World War I veterans who died before December 7, 1941, especially since you apparently believe there would be very few of such veterans whose remains were treated in one of these ways?

ANSWER

The following rationale was used in arriving at the December 7, 1941 delimiting date as the effective date for S. 779:

a. December 7, 1941, identifies the official date of entry of the United States in World War II;

b. The date spans a period of 40 years, which we believe would cover most veterans; and

14.

c. Many World War I veterans died subsequent to December 7, 1941. Going back to the U.S. involvement in World War I would take us to 1918, a period of 63 years from our current date. We believe the 40-year span to be adequate, practical, and equitable. The 40-year span would include veterans of World War I dying on or after December 7, 1941, as well as veterans dying in World War II, the Korean conflict, the Vietnam era and thereafter. During the World War I period (1917-18) the disposal of remains by cremation and donation of bodies to science was practically unheard of. The December 7, 1941, delimiting date would include the vast majority of veterans who served in all U.S. conflicts since the Civil War. For these reasons, we believe the December 7, 1941 date to be equitable and nondiscriminatory.

10. QUESTION.

On page 27 of your testimony, you state that enactment of the provisions of S. 779 "would result in minimal cost". Please provide your estimate of the costs of S. 779 in the form you recommend it be modified.

15.

ANSWER

We do not anticipate any significant added costs to result from the modifications we propose, i.e., designating December 7, 1941, as the effective date of the measure and expanding the coverage of S. 779 by authorizing the placement in a state veterans' cemetery of a memorial headstone or marker for veterans who donated their bodies to science or whose remains were cremated and ashes scattered.

For the reasons set forth in our answer to question 9.B., above, we believe the number of requests for the type of memorial headstone or marker described, between December 7, 1941, to December 31, 1969, would be very few.

Section 906(a)(4) of title 38, United States Code, authorizes the Administrator of Veterans Affairs to furnish a Government headstone or marker for the unmarked graves of veterans and their eligible dependents interred in a state veterans' cemetery. Authorizing the placement of a memorial headstone or marker would be consistent with section 502 of Pub. L. No. 96-385, enacted October 7, 1980.

On the basis of requests for memorialization received in the VA in fiscal years 1979 and 1980, we believe the costs of enactment of S. 779 would be minimal:

	Total No. Requests	of which, bod[illegible] to science	of which, ashes scattered
FY 79	410	8 (2%)	13 (3%)
FY 80	310	10 (3%)	15 (5%)

The average cost of a marker in FY 79 was $40.72, with an average transportation cost of $17.00. The 21 markers, if provided, would have cost approximately $1,212.12.

The average cost of a marker in FY 80 was $43.52, with an average transportation cost of $17.00. The 25 markers, if provided, would have cost approximately $1,513.00.

11. QUESTION

Please explain how your support for S. 915, a bill that would authorize the provision of memorial plaques and markers, for display in places other than cemeteries, to the next of kin of veterans and servicepersons whose remains have not been recovered or identified or have been buried at sea, fits in with the Administration's notions or the need for austerity in Federal programs.

ANSWER

Under current law, the VA is authorized to furnish an appropriate memorial headstone or marker for eligible veterans for placement in a national, local, or private cemetery at the expense of the United States. The Government pays the cost of transportation of the headstone or marker to the cemetery.

The sole purpose of S. 915 is to authorize the delivery of a memorial headstone or marker to a location other than a cemetery. Enactment of S. 915 would entail no added cost.

Chairman **Simpson**. Before I ask a few questions, I wish you would comment on the costs which would result from the enactment of the measures that we are considering here today. The committee has not received a formal cost estimate for all of the items of proposed legislation.

However, the CBO's informal estimates seem to be similar to the figures you mention in your testimony which are $964 million in fiscal year 1982.

Mr. **Hagan**. Yes.

Chairman **Simpson**. And this would indicate about $17 million above the amount reflected in the VA's 1982 budget ceiling for legislation other than S. 917. Due to substantial downward revision and CBO's estimate for other legislation which originated from the committee which has passed the Senate, it would appear that the need to offset any expenditures produced by the enactment of these bills before the committee today would not result in any possible funding problem, even in this time of severe fiscal austerity.

According to your testimony, the VA's objection to the enactment of S. 1297 is based upon the agency's view that this proposed increase does not necessarily correspond accurately with the actual degree of dysfunction of the severely disabled veteran.

Are there disabilities for which the agency would consider that it is more appropriate to raise the level of compensation?

Mr. **Hagan**. No, sir, we don't feel that it is appropriate to raise the level of compensation. There is now special month compensation rates that provide for the additional severity of a disability and we think that those are adequate.

Chairman **Simpson**. How often is it appropriate, do you believe, to revise the rating schedule? What should be taken into consideration—medical advances, new adaptive devices which might reduce problems of mobility, employability, and what other factors?

Mr. **Hagan**. I think that you have named the major ones. We do take into consideration the advancements in medical knowledge and we also would consider the use of adaptive equipment. Beyond that, I don't know of anything else that we would consider.

There is a possibility that in future years, we will consider the employability of an individual, but at this time we are not under review on that.

Chairman **Simpson**. There is consistency in the VA testimony against rate increases for disability compensation, although your testimony doesn't specifically make the point. Is the agency really in the position of resisting all rate increases regardless of the circumstances involved?

Mr. HAGAN. No, sir. It's not that we are against rate increases. We review and make such decisions when we think that there is medical evidence or evidence of changes that would support the increase.

Chairman SIMPSON. But you do feel you have the internal administrative ability to make whatever increases are required and valid?

Mr. HAGAN. Yes, sir, I do.

Chairman SIMPSON. On page 7 of your testimony, you mention that S. 416 does not allow the Administrator to determine the actual need for automotive adaptive equipment.

If that authority were incorporated into that provision of S. 416, would you be more supportive of its enactment?

Mr. HAGAN. I'm not sure whether we would. It is true that it does tie the Administrator's hands, but as I pointed out earlier, the basic reason for the furnishing of automobiles and adaptive equipment is one for rehabilitative purposes. This provision of the law would provide that anyone who had ankylosis of the knees or the hips, would be entitled to this equipment.

Chairman SIMPSON. Well, I tell you, I do appreciate your technical suggestions with regard to S. 415 and S. 779 and we will be making careful use of your proposals in that regard as we prepare for the markup.

Could you please comment on the objections of several American veterans organizations to S. 1317. Such objections are made on the grounds that providing an extension of benefits to surviving spouses receiving DIC is unwarranted, particularly in this year of what we have referred to as extreme budget restraints? Who would care to comment or wish to?

Mr. MARS. Mr. Chairman?

Chairman SIMPSON. Yes, Mr. Mars?

Mr. MARS. This proposal has been raised before and the Government in the last few years has gone more and more into recognizing the needs of the older persons and most of the Federal programs do permit continuation of benefits after remarriage after age 60 or 62.

We feel that for the services that the spouse had rendered during her lifetime and the basic idea of DIC was some reliance on support of the veteran that would continue past his death, that we would continue this for anyone who remarries after age 62.

Chairman SIMPSON. Well, we'll address the other side of that question when we have testimony from the veterans organizations.

In your testimony, you object to the enactment of S. 911 with the view that this type of action results in some, perhaps, type of denigration of the basic purpose of the Medal of Honor. Why would that not be the logical extension or be perceived as a logical extension of VA caring for that type of honored veteran and his widow and orphan along the lines of the DIC benefit extension which you do favor?

Mr. HAGAN. Mr. Chairman, we recognize this as being the highest recognition for outstanding valor by an individual. However, we do not feel that this is one of the benefits on which a pension should be based. There are other provisions that are made available by our Government in the form of DIC, social security, and pension benefits.

These are all survivor benefits and we feel that they are adequate benefits for the survivor of a veteran.

Chairman SIMPSON. It is felt that the purpose of the legislation was an extension of the special recognition provided by the Medal of Honor to the widow. I do not ever perceive that it was to be a substitute for other survivor benefit programs. We will pursue that.

Mr. BERGQUIST. You are aware that this benefit is only to those widows who were married to the individual at the time which the deed renders the award?

Mr. HAGAN. Yes. We make reference to this in our testimony.

Mr. BERGQUIST. So these are the widows of people who either receive it posthumously or who die sometime immediately thereafter before the award is made.

Mr. HAGAN. Yes.

Mr. BERGQUIST. So, in essence, these are the widows who get the medal. They are usually awarded the medal after their husbands are dead.

Mr. HAGAN. Yes.

Mr. BERGQUIST. I just wanted to make sure that you knew that was the provision in the bill.

Mr. HAGAN. Yes.

Chairman SIMPSON. Mr. Hagan, one final question. If you could comment on the reasons behind the proposed cost savings provisions concerning DIC payments and overpayments necessary when a child is retroactively added to a class of dependents entitled to DIC in S. 917 which I introduced at the administration's request.

If I recall correctly, those provisions were in the Administration's compensation bill last year and were not adopted. The Senate opposed their enactment at that time and I'm not aware of any change in the merits of the proposals as they have been reintroduced under this administration.

What is your view about that, aside from reference to the fact that there has been a change in the Senate or something to that effect?

Mr. HAGAN. I don't think that was the reason, but I'm going to ask Mr. Mars to respond to that.

Chairman SIMPSON. Please; I would appreciate it.

Mr. MARS. Basically, we are dealing with a situation where we have a fixed sum of money which is being paid to the survivors and when we add a child we may not have known of before, then the surviving children are equally entitled and we have to make a retroactive adjustment.

This may occur when a child is out of custody or a child is attending school, comes out of school and goes back to school. What we do then is create overpayments in the accounts of the other children while making an award to the new child.

What our proposal would do would give the new child a share of the balance of the entire amount retroactive without adjusting all the other children.

The second proposal deals with DIC payments where a child attains age 18 and normally the surviving spouse is being paid benefits. The child then attends school and there is an overlap in the time when the surviving spouse is collecting benefits for the child and the child goes to school. It's just to eliminate that overlap of dual benefits that we've made that proposal.

Chairman SIMPSON. I see; you have been helpful. I have no further questions. If there are further questions, they may be submitted in writing. Senator Cranston will have some questions; he will be here later in the hearing, and he will submit those. I thank you very much.

Mr. HAGAN. Thank you.

Chairman SIMPSON. This was very helpful to the committee, and thank you, Mr. Mars, Mr. Glass, Mr. Kane, Mr. Malamud, and Mr. Thompson.

The next group will be Mr. Phil Riggin, deputy legislative director of the American Legion; Jim Magill, special assistant to the director of national legislative services of the Veterans of Foreign Wars; Rick Heilman, national legislative director of the DAV; and Gabe Brinsky, national service legislative director of AMVETS.

Rick, I know you have a scheduling problem this morning, so if there is no objection, you may begin. If you don't have time to remain for the questioning, we will submit those in writing and you may respond.

TESTIMONY OF A PANEL OF REPRESENTATIVES OF VETERANS' ORGANIZATIONS: JOHN F. HEILMAN, NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS; E. PHILIP RIGGIN, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION, ACCOMPANIED BY JOHN F. SOMMER, JR., ASSISTANT DIRECTOR, NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION; JAMES N. MAGILL, SPECIAL ASSISTANT, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES; AND GABRIEL P. BRINSKY, NATIONAL SERVICE AND LEGISLATIVE DIRECTOR, AMVETS

Mr. HEILMAN. Thank you, Senator Simpson. In my summary, I will not make reference to several of the bills pending today and you can take that as an indication that the DAV has no position on the subject either pro or con.

With reference to S. 917, we believe the proposed 11.2 percent increase is right in the ball park and in view of the recent downward trend in the CPI, which we certainly hope will continue by October 1 of this year it appears 11.2 percent will certainly be adequate to compensate compensation and DIC beneficiaries.

With regard to S. 416, increase in the VA's automobile adaptive award, the grant itself and the extension of adaptive equipment to certain service-connected disabled veterans. I want to make two points that are at variance with the remarks of the VA witness.

No. 1, we disagree with the estimated first-year cost that they give to the adaptive equipment liberalization. They state it is $6.8 million in the first year. We believe they have grossly overestimated the number of potential eligibles, and in my statement I address the appropriate diagnostic codes in the schedule in which these beneficiaries will be found. You will see that we believe they are much less in number than the VA suggests and, consequently, should result in a greatly reduced first-year cost. We believe it will be less than $1 million.

Another point I wish to make, the VA witness stated that the purpose of the award was rehabilitative in nature. That's an interesting statement that deserves a little bit of examination. Integral to that rehabilitation objective is, of course, the purpose of allowing these veterans to operate in a safe manner their motor vehicles due to the need of adaptive equipment caused by their service-incurred disability.

In the group we are talking about here, veterans who have the favorable ankylosis of the knee or hip cannot qualify under the present criteria for the adaptive equipment and that's all we're talking about here. That point should be made.

We're not talking about the one-time grant to these veterans. Simply the adaptive equipment portion of the award. If you can just visualize a man whose knee is ankylose at a favorable angle, say 145 degrees, which means straight out, vertical, and if it's a right leg, he certainly has to have, say, a left foot accelerator in order to operate a motor vehicle. He can't sit there and operate a gas pedal with the right leg in that condition.

So we believe it is a reasonable liberalization of law and we urge the committee to give it favorable consideration.

The bill, S. 1297, would increase the benefit rates of certain veterans who have suffered the loss or loss of use of both upper extremities. In my prepared testimony, I believe I have suggested ample reason why these veterans are undercompensated at the present time.

I do want to make note of the fact that an administrative change in the rating schedule, you were discussing this with the VA witness, would not give these veterans an increase in disability compensation payments.

Their payments and rates are set in section 314 of the special statutory award categories of title 38, United States Code and it's up to the Congress to legislate an increase in these rates. We believe what we propose is certainly justified to this severely disabled category of veterans in terms of the loss of function that they have incurred and we again urge your favorable consideration.

S. 415, we certainly support an increase in the special adapted housing grant. You will note we also suggest that section 802(b)(2) also be increased from the current figure that is in there, $5,000, to $5,850 for the housing assistance that is given to service-connected blinded veterans and service-connected bilateral upper amputees.

The last two bills I will discuss in concert, S. 911 and S. 1317. I believe the VA has a paradoxical position here in support of one and opposition to the other.

Basically, we believe both bills represent a departure from the fundamental purpose of death benefits to survivors and we have explored this in our testimony. We just believe the committee should be very cautious before they proceed on either of these two measures.

That completes my remarks.

Chairman SIMPSON. Thank you very much.

[The prepared statement of John F. Heilman and the Disabled American Veterans' response to written questions submitted by Hon. Alan K. Simpson and Hon. Alan Cranston follow:]

PREPARED
STATEMENT OF
JOHN F. HEILMAN
NATIONAL LEGISLATIVE DIRECTOR
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON VETERANS AFFAIRS
UNITED STATES SENATE
JUNE 11, 1981

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

On behalf of the 695,000 members of the Disabled American Veterans, may I say that we deeply appreciate this opportunity to present our views on legislation relating to the Service-Connected Disability and Death Compensation Programs of the Veterans Administration.

S. 917

The upward adjustment of VA service-connected disability and death compensation rates through appropriate amendment of Title 38, U. S. Code, is addressed by the pending bill S. 917.

Introduced in the Senate on April 8, 1981, by yourself, Mr. Chairman, the measure proposes an 11.2% across-the-board increase in basic disability compensation and DIC (service-connected death) benefit rates. This same percentage of increase would also be extended to the dependency allowances and special statutory awards and ratings that apply to the compensation and DIC programs, as well as to the VA's annual clothing allowance payable to certain service-connected veterans whose prosthetic and/or orthopedic devices cause unusual, excessive damage to clothing. The measure carries an effective date of October 1, 1981 and would require in its first year budget authority of some $946 million.

Put in more meaningful terms, the benefit increases would range from an additional $72 per year ($6 monthly) for a veteran with a 10% service-connected disability to $1,368 more per year ($114 monthly) for a veteran who is determined to be 100% totally and permanently disabled due to service-connected disability.

Mr. Chairman, in any consideration of an increase in VA disability and death compensation payments, it is important to recall the principles upon which these programs were established:

> Disability compensation paid to veterans attempts to represent, to the most practical degree possible, the average impairment in earnings capacity caused by service-connected disability. DIC benefits, on the other hand, are intended to provide a measure of financial security to widows and children in view of the service-connected deaths of their husbands and fathers.

Over the years, this Committee has been most diligent in its efforts to assure that the purchasing power of these benefits keeps pace with our society's rising costs of goods and services. The most recent adjustment of these rates (Public Law 96-385) represents the seventh such annual increase in as many years.

Unfortunately, Mr. Chairman, as far as the American consumer is concerned, the steady rise in the cost of living experienced in recent years continues. The overall picture indicates that we shall continue to pay more while receiving less.

The rise in the Consumer Price Index (All Urban Consumers, Seasonally Adjusted) for each of the three months immediately following the last compensation increase (October, November, December, 1980) has been 1.0%, 1.1% and 1.0%, respectively. During the first four months of 1981 (January through April), the rate of CPI growth has been .7%, 1.0%, .6% and .4%.

Though it is perhaps a bit premature to characterize this recent downward movement in the CPI as a "trend," we hope, as do all Americans, that it will continue. At the very least, we would hope to see a rate of CPI growth that is "stabilized" at an acceptable figure. If this should occur, then the compensation/DIC increase proposed in the pending bill would prove to be fairly accurate.

Therefore, based on the "cautious" assumption that we shall not experience a drastic upswing in CPI movement, the DAV, at this point in time, does support the benefit increases proposed by S. 917.

Mr. Chairman, I do wish to make special note of the fact that in its provisions, S. 917 does not include the "K" award set forth in Section 314(k), Title 38, USC. This is a "special" monthly benefit--presently $62--paid in addition to the basic rates of compensation of certain veterans who have incurred the service-connected loss or loss of use of a single extremity or certain other body organs and functions.

This particular award has not always been included in prior compensation bills and was last increased to its present figure (from $56 per month) by Public Law 96-128, approved November 28, 1979. We therefore ask the Committee to include the "K" award in any compensation bill that it may recommend to the floor of the Senate.

As mentioned earlier, Mr. Chairman, time and again this Committee has proven itself to be a friend and champion of the service-connected veteran. However, in view of the strong desire on the part of the present Administration to hold down federal spending, the stiff competition that exists for available federal dollars and the "difficulties" all standing committees are undoubtedly experiencing relative to Budget Committee constraints, we realize you are working in an atmosphere that makes for "hard decisions."

Yet, notwithstanding the realities of present economic conditions, we do believe that no federal beneficiary has a greater or more moral claim for financial relief than does a veteran disabled as a result of military service. This especially applies to the permanently and totally disabled veteran who cannot work and who relies primarily on compensation payments to provide the basic necessities of food, clothing and shelter.

Furthermore, we wish to underscore our firm belief that VA benefits and services for those who served and became disabled through such service must be viewed as part of the costs of war and not regarded as just another form of social welfare. Given this distinction, veterans' programs are deserving of the same priority and consideration that is now being extended to those administered by the Department of Defense. Let us not funnel unlimited funds toward the development and maintenance of weapons of war, while forgetting the needs of those who shouldered those weapons when called upon to do so.

We ask the members of the Committee to keep these thoughts uppermost in mind as it considers the pending legislation.

S. 416

This measure, introduced in the Senate on February 5, 1981, by Senator Cranston, and cosponsored by Senators Randolph, Matsunaga, DeConcini and Thurmond, would amend Section 1902, Title 38, USC, to authorize:

1. An increase from $3,800 to $5,000 in the maximum amount of the one-time automobile grant now provided to certain seriously disabled service-connected veterans, and
2. Extension of eligibility for appropriate automotive adaptive equipment to veterans entitled to disability compensation for reason of the favorable ankylosis of one or both knees or one or both hips, provided (a) that such disabilities require the installation of adaptive equipment in order to comply with the licensing laws, regulations or authority of the state in which the veteran is a resident or (b) it has been determined by the Chief Medical Director that automotive adaptive equipment is necessary in order to insure the safe operation of such veteran's motor vehicle.

Mr. Chairman, under current law, an automobile and adaptive equipment award is made available to disabled veterans who have incurred the service-connected loss or loss of use of one or both feet or hands or blindness in both eyes to a prescribed degree. This award consists of (1) a one-time grant, presently $3,800, toward the purchase of a motor vehicle and (2) VA reimbursement of appropriate maintenance and replacement expenses for required adaptive equipment of subsequently purchased automobiles.

Service-connected veterans who have not actually suffered an amputation, but who have incurred a serious injury resulting in the "loss of use" of an extremity, do qualify for this award. However, there do exist certain types of disabilities, mainly orthopedic in nature, wherein a veteran can be precluded from operating a motor vehicle that has not been properly modified and, yet, not have entitlement for the automobile award under present law.

Service-connected veterans whose knees or hips are ankylosed (frozen) at "favorable" angles do not meet the VA's criteria for a loss of use determination. These veterans therefore cannot qualify for the automobile award, yet they very definitely may require special adaptive equipment before they can safely operate their motor vehicles. The pending bill would extend eligibility to the adaptive equipment portion of the automobile award (exclusive of the one-time grant) to this category of disabled veterans.

Mr. Chairman, in attempting to identify the estimated first year cost of the adaptive equipment liberalization contained in S. 416, may we offer the following observations:

The pertinent VA Rating Schedule diagnostic codes which bear examination are code number 5250 (ankylosis of the hip) and code number 5256 (ankylosis of the knee). Both code designations encompass various degrees of hip and knee ankylosis, favorable and unfavorable. According to VA data we have received, the total number of veterans receiving disability compensation at all rating levels in diagnostic codes 5250 and 5256 is 4,832. Of this figure, we estimate the maximum number of potential eligibles to be in the area of 1,800 to 2,400. This estimate is based upon the knowledge that many of the veterans in the total universe (4,832) have unfavorable ankylosis of the hip or knee and therefore are entitled to adaptive equipment under current law and regulation. Furthermore, it must be noted that of those who do carry potential eligibility (the 1,800 to 2,400 figure), most will not have occasion to apply in the first year as they obviously have already had adaptive equipment installed in their motor vehicles at their own expense. Therefore, during the first year, only those eligible veterans who will be purchasing automobiles and requiring certain adaptive equipment or those eligible veterans who may require maintenance or replacement service will be making application for assistance with the VA.

Based on these observations, we doubt very much if the actual first year cost of the adaptive equipment liberalization would exceed $1 million--most likely, it would fall below that figure.

Mr. Chairman, we strongly support both provisions of S. 416 and we urge its favorable consideration by the Committee.

S. 1297

S. 1297, introduced on June 2, 1981 at DAV request by Senator Thurmond, proposes through appropriate amendment of Section 314, Title 38, USC, to increase the rates of disability compensation payable to veterans who have suffered the loss or loss of use of both upper extremities as a result of service-connected disability.

You will recall that our National Commander Stan Pealer, during his recent formal presentation of DAV 1981 legislative goals to the Committee, gave a high priority to this meritorious and inexpensive objective.

Mr. Chairman, according to VA data, there are 125 veterans who have suffered the service-connected anatomical loss of both upper extremities and 357 veterans who have incurred the service-connected loss of use of both upper extremities (this 357 figure also includes anatomical loss of one upper extremity and loss of use of the remaining upper extremity).

Depending upon the degree of impairment and/or the site of the extremity amputation involved, these veterans are rated by the VA in the upper special statutory award categories under

Section 314, Title 38, USC. S. 1297 would advance these veterans one full step in their present statutory award category--amounting to an average increase per veteran of some $250 per month.

Without going into great detail, Mr. Chairman, let me just point out that under current law and rating policy, a certain distinction is made--and a higher rate of compensation is paid--with respect to *single* upper extremity losses. That is to say, the loss of a major arm or hand is recognized as causing a greater impairment than a *minor* hand loss. These higher ratings and payments are *not reflected* in single lower extremity losses, as there is no comparable dexterity function involved.

However, when considering *bilateral* upper and lower extremity losses, this distinction *is not* carried through and both classes of double amputees are treated the same. We believe this is a disparity that should be rectified.

Furthermore, we believe that, upon close examination of the loss of function suffered by bilateral arm amputees and the *limited extent* of function restored by their prosthetic devices, the Committee will agree that veterans so disabled suffer a distinct and unique disadvantage in terms of their ability to function without the aid of others.

Attached to my testimony you will find a letter written by a veteran who sustained bilateral, below the elbow amputations of both arms during World War II. I urge that you read this letter, as it provides an authoritative justification for the pending legislation.

If the Congress should act favorably on this legislation, minimal increased federal expenditures would be required. The first year benefit increase for the 125 bilateral arm amputees would amount to only $375,000. The second, mixed category of bilateral loss of use and/or single loss of use and single amputation would require an additional $1,075,000--the total first year cost being a modest $1.4 million.

Mr. Chairman, we urge the Committee's favorable consideration of this legislation.

S. 415

S. 415, introduced in the Senate by Senator Cranston and cosponsored by Senators Randolph, Matsunaga, DeConcini and Thurmond, proposes, through appropriate amendment of Section 802(a), Title 38, USC, to increase the maximum amount payable under the Veterans Administration's specially adapted housing assistance program from $30,000 to $35,000.

Mr. Chairman, the DAV strongly supports this legislation. However, we recommend that S. 415 be amended so as to include a provision which would amend Section 802(b)(2), striking out "$5,000" and inserting in lieu thereof "$5,850."

This would provide an increase in the maximum specially adapted housing assistance that is presently available to certain veterans who are service-connected disabled due to reasons of blindness or loss or loss of use of both upper extremities. The suggested increase of $850 is approximately equal in ratio to the maximum amount available ($5,000), as is the proposed $5,000 increase of the grant contained in Section 802(a), Title 38, USC.

S. 1315

S. 1315, introduced in the Senate on June 2 by Senator Simpson, through appropriate amendment of Section 3203(a)(1)(B) of Title 38, USC, would authorize that the nonservice-connected pension payments of veterans who are blinded due to a nonservice-connected disability and who are being furnished hospital care in a Veterans Administration facility operated exclusively for the purpose of rehabilitating blinded veterans, should not be reduced because the period of care for such veterans extends beyond a three month period.

Mr. Chairman, the Disabled American Veterans has received no mandate from its membership in National Convention assembled on this issue and therefore has no official position on the bill.

S. 911

This measure, introduced in the Senate on April 8, 1981 by yourself, Mr. Chairman, through appropriate amendment of Title 38, USC, proposes to authorize payment of a "special pension" ($100 monthly) to the surviving spouses of persons who have been awarded the Medal of Honor while serving on active duty in the Armed Forces of the United States.

Again, Mr. Chairman, lacking a specific National Convention mandate, the Disabled American Veterans has no official position on this legislation. However, we would offer the following comments which the Committee may wish to consider in its decisions regarding the pending bill.

Under the provisions of the bill, in order to qualify for the special pension, the surviving spouse must have been married to the veteran at the time of the action for which the Medal of Honor was awarded.

Is this requirement equitable and/or does it give rise to possible allegations of inequity? For example:

1. Is it equitable to award the special pension to a surviving spouse who may have been separated from the veteran (but still legally married) at the required time in the circumstance of a posthumous Medal of Honor Award?

2. If the answer to the above question is yes, then is it equitable to deny the special pension to a surviving spouse who may have married the veteran shortly after the heroic action was performed, and remained married to the veteran for many, many years until his death?

3. Is it equitable to, in effect, state to all Medal of Honor recipients who happen to be unmarried at the time of their heroic action--your government will never provide a special pension to your widow.

Just what is the rationale behind this requirement? Furthermore, we think the Committee should fully understand and fully consider that S. 911 proposes to authorize a new survivors' benefit program to a new category of beneficiaries.

Admittedly, the pending bill calls the benefit a "special pension" and its beneficiaries are restricted to the surviving spouses of only those veterans who have been awarded our nation's highest military combat award. Nevertheless, what is being created is a new program of survivors' benefits, not based upon service-connected disability or need, but based upon heroic military service. Does the Congress really wish to authorize such a program? What are the ripple effects in the long run? Is it just or prudent to authorize a new program of benefits to non-veterans at a time when benefits and services of service-connected disabled veterans are being given scrutiny for the sole purpose of "economizing"?

We think the Committee should give serious consideration to these questions before reaching any decision on the pending bill.

S. 1317

This measure, introduced in the Senate on June 2, 1981 by Senator Simpson, proposes, through appropriate amendment of Title 38, U.S. Code, to authorize that the remarriage of a surviving spouse after age 62 shall not require the termination of VA Dependency and Indemnity compensation (DIC) benefits.

Mr. Chairman, the DAV has no official position on this legislation having received no mandate -- pro or con -- from the delegates to our most recent 1980 National Convention. However, the delegates to the DAV's 1979 National Convention did consider such a resolution and rejected the measure. I think it is worth while for the Committee to consider the basis for this 1979 rejection.

Putting aside for the moment the issue of program integrity, one must question the wisdom and rationale for the bill's "age 62" criterion. Why this particular age? Why not age 64, or 60, or

50, or whatever? Why "seemingly" discriminate against younger surviving spouses or surviving spouses with dependent children?

One can almost argue that if the decision is made to lift the present remarriage restriction, then it should be done for all categories of surviving spouses. Mr. Chairman, the Committee and the Congress might very likely be inviting endless criticism from groups of surviving spouses who are excluded from the bill's coverage.

And what of the philosophical "break" from present program integrity? The fundamental, if not, sole intent of DIC benefits is to provide a measure of financial security to surviving spouses due to the service-connected loss of their husbands. Directly implicit in this is the acknowledgement and the realization that the deceased veterans were the "bread-winners."

That is why, under current law, DIC benefits cease upon the remarriage of a surviving spouse and resume should the subsequent marriage terminate in divorce or death. Also, DIC benefits to surviving children cease upon the attainment of majority age -- the sole exceptions being (1) continuation for "helpless" children and (2) temporary continuation based upon educational pursuits.

Clearly, in addition to service-connected death, eligibility to DIC payments is, and always has been, linked to dependency status and the absence of a provider. The pending bill just as clearly abrogates this criteria. Again we ask what are the short and long run affects of such a fundamental change? Are there sufficient, compelling reasons for such a change?

Our 1979 National Convention delegates did not believe the proposed liberalization of law was wise or warranted.

S. 112 and S. 779

S. 112, introduced in the Senate on January 15 by Senator Inouye and cosponsored by Senator Matsunaga, through appropriate amendment of Title 38, USC, proposes to authorize the Administrator of Veterans Affairs to set aside appropriate "memorial" areas in National Cemeteries in honor of the memory of certain deceased members of the Armed Forces whose remains were buried at sea, were not identified, were not recoverable or were donated for use in medical research and training.

A very similar bill, S. 779, introduced on March 24, 1981 by Senator Stafford and cosponsored by Senator Leahy, would also authorize the setting aside of suitable "memorial" areas in National Cemeteries in honor of veterans whose remains were disposed of as described above (including cremation). S. 779

would also direct that the VA Administrator, when requested by next of kin, furnish appropriate headstones or markers to commemorate such deceased veterans.

Mr. Chairman, the Disabled American Veterans has no official position on this legislation, however, we certainly do not object to its Congressional passage.

* * *

This concludes my statement, Mr. Chairman. Again, we appreciate having be~~ing~~en given the opportunity to present our views on these important subjects.

* * *

March 26, 1980

BEAMON, Edward J.
10 North Ridgewood Rd.
Apt. #407
South Orange, NJ 07079

Congressman John P. Hammerschmidt
Suite 2160
Rayburn House Office Bldg.
Washington, D.C. 20515

Dear Congressman Hammerschmidt:

I am writing to thank you for introducing HR 6640 which will increase the VA special monthly compensation rates paid for bilateral hand amputees and in the hope that my letter will serve as favorable evidence in the forthcoming hearings on this matter.

For the past 35 years I have been in receipt of Special Monthly Compensation under Paragraph M., Section 314 Title 38 U.S.C. due to bilateral below the elbow amputations of my arms sustained as a result of wounds received in action in the Battle of the Bulge on 8-28-44.

From 1947 until 2-28-80 I had been employed by the Veterans Administration Regional Office in Newark, NJ. I began as a GS-3 Clerk and recently retired as GS-9 Veterans Benefits Counselor. I have never married and have lived with my family since discharge from service. I wear two prosthetic arms with hooks but there are many personal things which I am unable to do for myself and I therefore have to live with someone who can help care for me..

In 1963 my father passed away and in 1968 my mother followed, thus leaving me alone. Since I was not able to care for myself my sister quit her job and came to live with me. I then supported the two of us through my compensation and salary, but if it werre not for my sister I would be unable to pay anyone for the kind of regular care and assistance required for my daily needs, I would have been unable to work and probably frequently hospitalizated. A single arm amputee with a remaining functional hand or a bilateral leg amputee both hold a significant advantage over a man like myself as there are a great many personal things which are impossible to perform with the use of two hooks. Additionally if one of the prostheses breaks down or malfunctions I am practically helpless to repair it or have it repaired without personal assistance.

Over the past several years resolutions have been adopted by my local DAV Chapter (New Jersey Amputation Chapter #53) to provide increased payment and even aid and attendance for veterans such as myself, but your bill is the most favorable action to date. I would like to stress that this is an area where a change in the special monthly compensation rates is sorely needed.

(Cont'd)

I mentioned earlier that I retired from the VA on 2-28-80 and you should be aware that part of the reason for my retirement was that my sister fell ill and was no longer able to care for me as she had in the past. Consequently I found it impossible for me to continue working and am now trying to care for myself and my sister, who has dedicated so many years to me.

I have stated to DAV and other groups many times that proposals to increase the rates for veterans like myself are not only reasonable and warranted but that they would be relatively inexpensive for the government as there are less than 200 of us nationally.

Once again let me thank you for your interest and action and if I can be of any assistance in this matter I would be more than happy to do so.

Very truly yours,

EDWARD J. BEAMON

RESPONSE OF THE DISABLED AMERICAN VETERANS TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Question 1. The two measures before the Committee today, S. 911 and S. 1317, which would provide benefits to surviving spouses, carry out the message spoken by President Lincoln over 100 years ago, which is the philosophic basis upon which this Committee addresses every issue; "To care for him who shall have borne the brunt of battle and for his widow and his orphan". There seems to be unanimous support here for an increase in disability compensation and DIC benefits, but when extended benefits for "his widow" are proposed I hear a hue and cry from the "veteran". Abraham Lincoln's philosophy, which is shared by the VA—you know that quote is the agency's symbol—talks about the country's debt to the family; the unit which includes the warrior, the spouse, who provides essential emotional support and personal incentive to defend our Nation's interests, and of course, the children, who will carry on in the path of the parents. How can you defend benefits for the veteran so strongly and yet oppose the "promised care" for "his widow"?

Answer 1. I don't believe one can characterize our views on this issue as being a "hue and cry" against benefits for widows—for example, the DAV does support the proposed 11.2 percent increase in DIC rates contained in the pending bill, S. 917. You may recall that it was the DAV who initiated legislation in the Congress that ultimately resulted in the most beneficial "presumptive DIC" provision of Public Law 95-479. Our records speaks for itself.

Our comments can be viewed as a responsible expression of caution to the Committee in terms of DIC program integrity. Does society now regard a person who remarries (following a previous marriage that ended in death) as a "widow" or "widower" for the rest of that person's life? We think not. In such cases, a remarriage is perceived as a declaration to all that bereavement is over and that a new life with a new partner has begun—and there is nothing wrong with this perception.

Under current law, so long as the widow or widower remains the deceased veteran's widow or widower, DIC benefits are authorized.

Question 2. What is your suggestion for the many surviving spouses (in receipt of DIC) in their twilight years, who, because of a fear of poverty in old age, are living with, but remain unmarried to a new partner, despite moral distaste for this lifestyle?

Answer 2. I have yet to see concrete data on just how many DIC recipients are refusing to marry potential but, impoverished, spouses due to the fear of loss of benefits. Nor have I seen data on those DIC recipients who prefer "living in sin" to loss of DIC benefits. Until such time that such data is provided, I don't think it is meaningful to even discuss this issue. The Congress should not legislate based on "rumor" or "imagined" horrible examples.

Question 3. I agree that this year it is especially important to be cautious in our expenditures, but I have stated many times that the primary mission of this Committee, and the VA, is to provide benefits to the service-connected veteran. That benefit does include the surviving spouse, as originally intended by the VA, as reflected in its motto. The DIC widow has often devoted her life to caring for a totally disabled veteran at the sacrifice of an independent career. When she has an opportunity to remarry, she has to weigh the financial consequences of this action. Her potential spouse is often retired and living on a limited income. Please comment on the VA's statement on page 19 of the agency's testimony that the enactment of S. 1317 would be a logical extension of the beneficial provisions of Public Law 91-376; which provided for restoration of DIC (or pension) if a remarriage is terminated by death or divorce.

Answer 3. Again I state, Show me the data that indicates the vast majority of potential spouses have limited incomes (for everyone that does exist, how do we know that 5, 10, or 20 wealthy potential spouses do not also exist?).

I cannot understand how the VA can claim that this would be a "logical extension" of Public Law 91-376. This law provided for reinstatement of DIC benefits if and only if the subsequent marriage terminated. This reinforces our contention that the service-connected loss of the breadwinner is inherent to the philosophy of the program. When the service-connected breadwinner is removed, DIC benefits are paid; upon the appearance of a subsequent breadwinner, DIC benefits cease; upon the removal of the subsequent breadwinner, DIC benefits can be resumed.

Question 4. I agree that the Medal of Honor is a very special award. Establishing a survivor benefit is not meant to take away from its significance, but to recognize, in a tangible manner, the contribution of a spouse to providing the security, love and incentive for the exceptional service of the veteran. What is your view on the role of a spouse in providing support of this kind, especially in light of the VA motto?

Answer 4. If the Congress wished to provide a special payment to widows of Congressional Medal of Honor winners, then it should do so. But such a payment should not be associated with VA death benefit programs that are based upon service-connected death and/or financial need. As stated in our testimony, this would lead to subversion of these VA programs.

Again, if the Congress wishes to provide such benefits to widows, then let it do so. But let it be funded by DOD, not VA. And if it is to be a recognition for the "contribution of a spouse in providing security, love, and incentive," then give it to *all* CMH widows and not just the ones specified in the pending bill.

Question 5. The VA, on page 26 of its testimony, proposes two expansions of S. 779. These expansions would authorize the Administrator to place a memorial marker in any State veterans' cemetery as well as any private or local cemetery and provide that veterans dying on or after December 7, 1941, would be covered. What is your view on these proposals?

Answer 5. The DAV has no position, pro or con, regarding the proposed VA amendments to S. 779 (why restrict coverage to those veterans who died on or after December 7, 1941?).

Question 6. The VA opposes the enactment of the provision of S. 416 which would extend eligibility for adaptive automotive equipment to veterans with ankylosed knees or hips, for a variety of reasons: (1) That no significant rehabilitative purpose would be served; (2) it is unfair to single out one specific disability for an expansion in benefits; (3) this expansion would be a supplement to disability compensation because most of the kind of adaptive equipment needed by such veterans is now standard on many automobiles; and (4) this provision would result in complex administrative problems. Please comment on the VA's objections to this provisions of S. 416.

Answer 6. (1) Part of the "rehabilitative purposes" of the original law was to allow certain severely disabled service-connected veterans to safely operate their motor vehicles. S. 416 applies this premise to those veterans whose knees or hips are ankylosed at favorable angles. To use the words of the VA witness, "it is a logical extension" of the current program. (2) Does not the VA now single out blinded veterans for special treatment? Paraplegic veterans? This is a most specious argument. (3) How about a left foot accelerator? Or appropriate hand controls? These are the types of equipment that would be most commonly required. Also, it should be noted that the pending bill has safeguards against abuse (complying with the licensing laws of states or approval of the Chief Medical Director. (4) I doubt this very much. It could be easily integrated into the existing program.

Question 7. The DAV strongly supports enactment of S. 1297 which would increase, by one full step, the rate of compensation for certain severely disabled veterans. As you heard, the VA objects to this legislation. The VA's objection is that the proposed increase does not necessarily correlate accurately with the amount of dysfunction of these veterans. Please comment on this and compare the proposed legislation to the care of an other severely disabled veteran, concerning degree of dysfunction as it relates to the rating schedule. For example, how does a veteran with loss of or loss of use of both upper extremities compare to a veteran who is totally blind and totally deaf, with respect to mobility, independence, and employability?

Answer 7. Since most witnesses agreed that this category of service-connected disabled veteran has incurred a greater loss of function (and has less function restored by their prosthetic devices) than veterans who have suffered a bilateral lower extremity loss (both categories now receiving identical payments), has the VA offered their own view concerning how much additional payments these veterans should be entitled to?

As stated in my testimony, a single service-connected upper extremity loss does entitle a veteran to greater disability compensation payments than a single service-connected lower extremity loss. Single below the knee amputees receive a payment of $268 per month ($206 for the 40 percent basic rate plus the $62 "K" award). The lowest monthly payment of a single below the elbow amputee is $429 per month ($367 basic 60 percent rate plus the $62 "K" award). The payment could be as high as $565, depending upon the level of the amputation (above insertion of pronator teres) and whether or not the major hand is involved.

A veteran who is totally blind and totally deaf due to service-connected disability would be rated under subsection (o) of section 314, title 38, U.S.C. and entitled to $1,768 per month. Such a veteran would also be entitled to receive consideration for additional payments under subsection (r) of section 314, title 38, U.S.C.

Veterans service-connected for the bilateral loss or loss of use of both upper extremities presently are rated in subsections (l), (m) and (n) of section 314, title 38, U.S.C. and are entitled to payments of $1,262, $1,391 and $1,581 respectively. Under current law, none of these ratings are sufficient to enable a veteran to be considered for additional payments under subsection (r) of section 314, title 38, U.S.C. Of these ratings ((l), (m) and (n)), the proposed bill would only allow bilateral arm amputees presently rated under (n) to be eligible for consideration of additional payments under (r).

I am not trying to "beg" the question, but I think it would be extremely difficult to make a general comparison regarding the mobility, independence and employability of two such disabled veterans (one who has suffered the loss of both arms and one who is completely blind and completely deaf). However, I do wish to underscore that the pending bill would not authorize service-connected bilateral upper extremity veterans presently rated in subsections (l) and (m) to receive payments equal to or greater than a service-connected totally blind and totally deaf veteran. As indicated above, bilateral shoulder disarticulations rated under (n) would be moved up to (o) and therefore provide eligibility for consideration to additional benefits under (r).

RESPONSE OF THE DISABLED AMERICAN VETERANS TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Question 1. S. 917 contains two provisions that have been proposed by the VA in the past but which this Committee has not approved on the grounds that they are inequitable to certain dependents. One provision would place a limitation on the amount of retroactive benefits payable to a veteran's surviving child whose eligibility for DIC benefits becomes established at a time later than the eligibility of the veteran's other surviving child or children was established. The second provision would provide that, where a surviving spouse is a DIC recipient receiving a dependents' allowance for a child and the child becomes entitled to DIC when he or she reaches the age of 18 and is attending school, the DIC benefit payable to the surviving child for the month in which he or she reaches age 18 is to be reduced by the amount of the dependent's allowance. Please state your organization's position on these two provisions.

Answer 1. The Disabled American Veterans does not object to the VA's proposals regarding elimination of certain duplicate payments.

Question 2. The VA testified with respect to my proposal, S. 416, the proposed "Veterans' Automobile Assistance and Adaptive Equipment Amendments of 1981" that those veterans who suffer from ankylosis of the hip or knee at a favorable angle are unlike those veterans who presently are eligible for the adaptive equipment allowance in that they are not "significantly restricted in their access to public transportation". Please comment on this assertion.

Answer 2. I would submit to the Committee that a veteran whose knee or hip is fused at a favorable angle is restricted to access of public transportation just as much as a veteran who has incurred the loss or loss of use of one hand or one foot. But more significantly, this statement, even if accurate (which it is not), should have no bearing on the pending legislation. The automobile is dramatically related to almost every type of activity that can be found in American society. Public transportation notwithstanding, the plain fact is that Americans depend upon the automobile to go about their daily lives. The current program recognizes this fact. The pending legislation does also.

Chairman SIMPSON. Thank you very much. Let's proceed then, Phil, if you would, please? Phil Riggin, deputy director of The American Legion Legislative Commission.

Mr. RIGGIN. Thank you, Mr. Chairman. I will be available to respond to whatever questions the committee may have. However, I am accompanied by John Sommer, assistant director of our National Veterans' Affairs and Rehabilitation Division. He will deliver our statement and again, as I say, we will both be available for questions.

Chairman SIMPSON. Thank you very much. Mr. Sommer?

Mr. SOMMER. Thank you, Mr. Chairman. The American Legion appreciates this opportunity to comment on the several bills under consideration today. We would support the enactment of S. 112 to include among those eligible for memorialization in national cemeteries veterans whose remains have been donated for use in medical research or training.

The Legion is in favor of S. 415 which would increase the maximum amount available for special adapted housing to $35,000, taking into consideration the increasing costs of housing and real estate.

S. 416 would increase the maximum amount of automobile assistance provided to eligible disabled veterans from $3,800 to $5,000 and although we are not presently mandated on this issue, we would view it favorably. This measure would also include among those eligible for automobile adaptive equipment a veteran with ankylosis of one or both knees or one or both hips which are service-connected and where the adaptive equipment is necessary to comply with drivers' license requirements prescribed by the jurisdiction in which the veteran is a bona fide resident or determined to be necessary by the Chief Medical Director.

The Legion favors this provision and we are mandated to do so by Resolution No. 667 of our 1980 National Convention.

S. 779 would provide memorial headstones or markers to commemorate veterans who by choice are buried at sea, who donate their bodies to science, or who are cremated and their ashes scattered without interment. It would also set aside areas in national cemeteries to place such headstones or markers and the Legion supports this proposal.

The American Legion cannot support S. 911 which would provide a special pension for the surviving spouses of Medal of Honor recipients as we do feel it would demean the concept of the nation's highest military honor.

We have no objection to S. 915. We support the provisions of S. 917 which would provide an 11.2-percent increase in compensation, DIC, and clothing allowance.

The Legion also feels that S. 1297 which would assign a higher rate of special monthly compensation in those cases where the veteran has suffered the anatomical loss of both arms so near the shoulder as to prevent the use of a prosthetic appliance would be advantageous to a small number of severely disabled veterans and we would support this measure.

S. 1315 would provide that the pension of a single blinded veteran who is participating in a VA program for rehabilitation of blinded veterans shall not be reduced if the training exceeds 3 months and we support this measure.

The Legion would have no objection to S. 1316 which would authorize guaranteed home loans with provisions for graduated payment plans. S. 1317 would provide that remarriage of the surviving spouse of a veteran after age 62 shall not result in the termination of dependency and indemnity compensation. The Legion cannot support the intent of this proposal.

Mr. Chairman, that concludes our summary.

Chairman **Simpson**. Thank you very much for that very precise presentation, appreciate it.

[The prepared statement of John F. Sommer, Jr., and the American Legion's response to a written question submitted by Hon. Alan Cranston, ranking minority member of the Committee on Veterans' Affairs, follow:]

PREPARED
STATEMENT OF JOHN F. SOMMER, JR., ASSISTANT DIRECTOR
NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION
BEFORE THE COMMITTEE ON VETERANS AFFAIRS
UNITED STATES SENATE
JUNE 11, 1981

Mr. Chairman and Members of the Committee:

The American Legion appreciates this opportunity to present its views on the several legislative proposals scheduled for your consideration today.

With your permission, we shall now address ourselves to these measures.

S. 112 - to amend title 38, United States Code, relating to memorial areas and appropriate memorials to honor the memory of certain deceased members of the Armed Forces whose remains were buried at sea, have not been identified, or were nonrecoverable.

Section 1003(a) of the title presently provides that the Administrator shall set aside, when available, suitable areas in national cemeteries to honor the memory of members of the Armed Forces missing in action, or who died or were killed while serving in such forces and whose remains have not been identified, have been buried at sea or have been determined to be nonrecoverable.

This measure would include among those eligible, veterans whose remains have been donated for use in medical research or training, and The American Legion would support the enactment of this provision.

S. 415 - to amend title 38, United States Code, to increase the maximum amount payable in Veterans Administration specially adapted housing assistance.

Chapter 21 of the title currently authorizes the Administrator to assist any veteran, who is entitled to compensation under Chapter 11 of the title, based on service after April 20, 1898, for permanent and total service-connected disability due to the loss, or loss of use, of both lower extremities, such as to preclude locomotion without the aid of braces, crutches, canes or a wheelchair; or which includes blindness in both eyes, having only light perception, plus loss or loss of use of one lower extremity; or due to the loss or loss of use of one lower extremity together with residuals of organic disease or injury, or the loss or loss of use of one upper extremity, which so effect the functions of balance or propulsion as to preclude locomotion without the aid of braces, crutches, canes, or a wheelchair, in acquiring a suitable housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, and necessary land therefore. Such assistance shall be limited in the case of any veteran to one housing unit, and necessary land therefore, and shall not exceed $30,000 in any one case.

S. 415 would amend section 802 of the chapter by increasing the maximum amount available to $35,000.

The maximum amount available for the specially adapted housing was last increased by the enactment of Public Law 95-476, effective October 18, 1978, from $25,000 to the present $30,000. Since that time there have been substantial increases in the costs of housing and real estate. The Legion views this legislation favorably, as the enactment thereof would ensure that the foregoing severely disabled veterans would be able to secure adequate housing, adapted to fit their needs.

S. 416 - to amend title 38, United States Code, to increase the maximum amount of the automobile assistance provided to certain severely disabled veterans; and to extend eligibility for the provision of automobile adaptive equipment to certain other service-connected disabled veterans.

Section 1902(a) of the title presently provides in part, that veterans and members of the Armed Forces who have suffered the loss or loss of use of one or both feet, or one or both hands, or whose vision is severely impaired, as a result of service-incurred injuries, are entitled to a grant of $3,800 to assist them in purchasing an automobile.

This measure would increase the automobile assistance allowance to $5,000. This rate has not been adjusted since the enactment of Public Law 95-479 which was effective October 1, 1978. The Consumer Price Index component for new cars has risen substantially since that time.

While The American Legion is not presently mandated on this issue, we would view this provision favorably, as it is advantageous to a small, severely disabled group of veterans.

Currently, under section 1902, adaptive equipment for automobiles is also awarded to each eligible disabled veteran or member of the Armed Forces in order that these individuals may operate a motor vehicle in a safe manner, and so as to meet the applicable standards of licensure established by the State of residency. In order to be eligible, an individual must be entitled to compensation under Chapter 11 of the title as a result of one or more of the service-connected disabilities previously described. S. 416, if enacted, would include among those eligible for the adaptive equipment a veteran with ankylosis of one or both knees, or one or both hips, which resulted from injuries incurred or diseases contracted in or aggravated by active military, naval or air service, and where such adaptive equipment is necessary in order to comply with drivers' license requirements prescribed by the jurisdiction in which the veteran is a bonafide resident, or determined to be necessary by the Chief Medical Director for the safe operation of an automobile or other conveyance by such veteran.

The American Legion supports the intent of this legislation. Resolution No. 667 of our 1980 National Convention sets the policy for the Legion in this area, and is satisfied by the language contained in this measure. A copy of Resolution No. 667 is attached herewith.

S. 779 - to amend section 906(b) of title 38, United States Code, to authorize the Veterans Administration to furnish memorial headstones or markers to commemorate veterans who by choice are buried at sea, who donate their bodies to science, or who are cremated and have their ashes scattered without interment.

This measure would also amend subsection (a) of section 1003 of the title to provide that the Administrator shall set aside, when available, suitable areas in national cemeteries to honor the memory of members of the Armed Forces whose remains were buried at sea, whether by the member's own choice or otherwise; whose remains were donated to science; or whose remains were cremated and the ashes scattered without interment of any portion of the ashes.

The American Legion offers its support to this proposal. Under present law the Administrator is authorized to furnish a memorial headstone or marker to commemorate any veteran whose remains have not been recovered or identified or who were buried at sea, for placement by the applicant in a national cemetery area reserved for such purposes under the provisions of section 1003, or in any private or local cemetery. The Legion feels that all veterans who performed honorable service in the Armed Forces should be properly memorialized, and because of the small number of deceased veterans who would fit in this category, it is felt that the cost would be negligible.

S. 911 - to amend section 562 of title 38, United States Code, to authorize the payment of a special pension to the surviving spouses of persons awarded the Medal of Honor.

Section 562 provides a special pension of $200 per month to those veterans who have been awarded the Congressional Medal of Honor, and who make application for such pension.

This measure, if enacted, would provide that a special pension in the amount of $100 per month be paid to the surviving spouse of any veteran who received the Medal of Honor, as long as the surviving spouse was married to the veteran at the time of the action for which the Medal of Honor was awarded.

The Medal of Honor is presented as recognition of heroism by the President in the name of the Congress, and may only be accorded an individual who "distinguished himself conspicuously by gallantry and intrepidity at the risk of his life above and beyond the call of duty." It is the feeling of The American Legion that to award any benefits derived from this honor to anyone other than the recipient would demean the concept of the nation's highest military honor, and therefore this organization cannot support S. 911.

S. 915 - to amend Chapter 23 of title 38, United States Code, to authorize the Administrator to provide a memorial plaque or marker in appropriate situations to the next of kin of an individual who would otherwise be memorialized in a national, private, or local cemetery.

Section 906(b) as previously stated, presently provides that the Administrator shall furnish, when requested, an appropriate memorial headstone or marker to commemorate any veteran whose remains have not been recovered or identified or were buried at sea, for placement by the applicant in a national cemetery area reserved for such purposes under the provisions of section 1003 of the title, or in any private or local cemetery. This proposal would authorize the provision of memorial plaques or markers for placement at other locations, at the discretion of the Administrator, and the Legion would not object to its enactment.

S. 917 - to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans, and to increase the rates of dependency and indemnity compensation.

Section 314 of the title currently provides for the payment of compensation in the amount of $1,016 monthly for those veterans with service-connected disabilities rated 100 percent or totally disabling. Higher rates of special monthly compensation are payable for certain multiple disabilities evaluated in excess of total, based upon the severity thereof. The monthly benefits for those veterans whose service-related impairments are evaluated from 10 percent to 90 percent range from $54 to $566.

Additional monthly compensation is provided under section 315 of the title for the spouses, children and dependent parents of those veterans entitled to benefits under section 314, and whose service-connected disabilities are rated at 30 percent or more.

Section 101(b) of this bill would allow that the Administrator may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation, payable within the purview of section 10 of Public Law 85-857, who are not in receipt of compensation payable pursuant to Chapter 11 of the title.

An annual clothing allowance is provided under section 362 to each person, who, because of disability which is compensable under the provisions of Chapter 11 of the title, wears or uses a prosthetic or orthopedic appliance or appliances (including a wheelchair) which the Administrator determines to wear out or tear the clothing of such a veteran.

Dependency and indemnity compensation, as provided under section 411 of this title, is payable to the surviving spouse, based upon the military pay grade of the person upon whose service-connected death entitlement is attributed. These pay grades range from E-1 through 0-10, and the present monthly benefits under the DIC program range from $373 to $954. Where there is an eligible child or children of the veteran, these rates are increased by $43 monthly for each child under present law. Paragraphs (c) and (d) of section 411 relate to aid and attendance and housebound benefits for surviving spouses and are payable at the rates of $112 and $56 respectively. Sections 413 and 414 of the title provide for specific payments for children of the veteran under certain circumstances.

The latest increase in the monthly rates of disability compensation and dependency and indemnity compensation was provided under Public Law 96-385, effective October 1, 1980. For those entitled to receive these benefits to keep pace with the increasing costs of goods and services, the rates payable must respond to cost-of living increases.

In reviewing S. 917, it is noted that the measure calls for an 11.2 percent increase in the foregoing monthly benefits, as well as the clothing allowance, which is paid one time per year.

The American Legion is certainly supportive of cost-of-living increases in the service-connected disability and death benefits, and the proposed 11.2 percent increase would appear to be adequate at this time, based upon the present rate of inflation as reflected in the Consumer Price Index.

S. 1297 - to amend section 314 of the title to increase the compensation payable to veterans who have lost or lost the use of both upper extremities as the result of a service-connected disability.

Section 314 of the title presently provides for equal amounts of special monthly compensation to be paid for the loss of both upper extremities and the loss of both lower extremities, where the amputations are at comparative levels. However, the Schedule for Rating Disabilities, as contained in 38 C.F.R. 4.17a, assigns a higher rating for an amputation of an arm above the elbow, than for the loss of a leg above the knee. S. 1297 calls for the assignment of paragraph (o) in those cases where the veteran has suffered the anatomical loss of both arms so near the shoulder as to prevent the use of a prosthetic appliance. At present, this high level amputation of the arms would receive, at maximum, special monthly compensation under paragraph (n) which is the same rate payable for a high level amputation of both legs. This measure also recommends changes in paragraphs (l) and (m) pertaining to amputations at a lower level.

The American Legion is not mandated on this issue. However, we certainly would not oppose this measure, as it would be advantageous to a small number of severely disabled veterans.

S. 1315 - to amend section 3203 of the title to provide that the pension of a single veteran who is blind as a result of a nonservice-connected disability and who is participating in a program of rehabilitation operated by the Veterans Administration exclusively for the rehabilitation of blinded veterans shall not be reduced because the period of care of such veteran extends more than three months.

Although most blinded veterans complete their rehabilitation training within the three month period, The American Legion feels that those individuals who do require additional time should not have their pension benefits reduced as a result thereof. Therefore, we support the enactment of this measure.

S. 1316 - to amend section 1803 of the title to authorize the Administrator of Veterans Affairs to guarantee home loans with provisions for graduated-payment plans.

Although the Legion does not have an official position on this subject, we have consistently supported legislation that would allow veterans to become home owners. This measure would certainly assist those veterans who are just beginning their careers or who are pursuing new careers, and as a result are not receiving a great deal of income, in purchasing a home. Therefore, we would not object to the enactment of this measure.

S. 1317 - to amend section 103 of title 38, United States Code, to provide that remarriage of the surviving spouse of a veteran after age 62 shall not result in termination of dependency and indemnity compensation.

Delegates to The American Legion National Conventions have rejected resolutions on this issue in the past. The reasons for such rejection include the fact that dependency and indemnity compensation, unlike other Federal programs such as Federal Civil Service Retirement or Social Security which are contributory programs, is a gratuitous benefit and the beneficiary has no vested entitlement. Also, it has always been the opinion of the Legion that at such time the surviving spouse of the deceased veteran remarries, the dependency upon such veteran ceases to exist. For these reasons we cannot support the intent of this measure.

Mr. Chairman, that concludes our statement.

ATTACHMENT: Resolution No. 667, 1980 National Convention,
Boston, Massachusetts

SIXTY-SECOND ANNUAL NATIONAL CONVENTION OF THE AMERICAN LEGION
BOSTON, MASSACHUSETTS, AUGUST 19, 20, 21, 1980

RESOLUTION: No. 667 (Wisconsin)

COMMITTEE: Veterans Affairs and Rehabilitation

SUBJECT: Sponsor and support legislation to provide adaptive automobile equipment to service-connected veterans whose knees or hips are ankylosed at favorable angles and are required by motor vehicle licensing laws to obtain such equipment

WHEREAS, under current laws, an automobile and adaptive equipment award is made to veterans who have incurred the service-connected loss, or loss of use of, one or both feet and hands, or blindness in both eyes to a prescribed degree; and

WHEREAS, this award consists of (1) a one-time grant, presently $3800 towards the purchase of a motor vehicle, and (2) VA reimbursement of maintenance and replacement expenses for required adaptive equipment of subsequent automobiles that a veteran may purchase; and

WHEREAS, service-connected veterans whose knees or hips are ankylosed at a favorable angle do not meet the VA criteria for "loss of use" determination; and

WHEREAS, these veterans cannot qualify for the automobile award, yet they may need special adaptive equipment before they can safely operate a motor vehicle; now, therefore, be it

RESOLVED, by The American Legion in National Convention assembled in Boston, Massachusetts, August 19, 20, 21, 1980, that The American Legion sponsor and support legislation to provide adaptive automobile equipment for those service-connected veterans whose knees and hips are ankylosed at favorable angles, and who are required by State law to obtain certain adaptive equipment.

APPROVED

RESPONSE OF THE AMERICAN LEGION TO A WRITTEN QUESTION SUBMITTED BY HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE COMMITTEE ON VETERANS' AFFAIRS

Question. S. 917 contains two provisions that have been proposed by the VA in the past but which this Committee has not approved on the grounds that they are inequitable to certain dependents. One provision would place a limitation on the amount of retroactive benefits payable to a veteran's surviving child whose eligibility for DIC benefits becomes established at a time later than the eligibility of the veteran's other surviving child or children was established. The second provision would provide that, where a surviving spouse is a DIC recipient receiving a dependents' allowance for a child and the child becomes entitled to DIC when he or she reaches the age of 18 and is attending school, the DIC benefit payable to the surviving child for the month in which he or she reaches age 18 is to be reduced by the amount of the dependent's allowance. Please state your organization's position on these two provisions.

Answer. The first portion of your question seeks our reaction to a provision limiting retroactive DIC benefits payable to a surviving child whose eligibility becomes established after the eligibility of another child or children. The American Legion would not object to such a limitation on retroactive benefits.

In response to that portion of your question which seeks our position on reduced DIC payments to certain dependent children when they reach the age of 18, it is our understanding that the total amount of the benefit paid during the transitional month would be the same as that which would be paid to the surviving child while maintaining student status. The provision simply allocates the benefit payment. We realize that specific relationship between surviving spouses and surviving children may present certain difficulties in the proper receipt of allocated benefit payments, but such difficulties are more of a personal nature than an administrative responsibility. We, therefore, do not oppose this provision.

Chairman SIMPSON. Now, Mr. Jim Magill, please, from the VFW?

Mr. MAGILL. Thank you, Mr. Chairman, for the privilege of appearing before this distinguished committee to present the views of the Veterans of Foreign Wars with respect to pending legislation.

Mr. Chairman, S. 917, introduced by you, would increase by 11.2 percent the rates of compensation for disabled veterans and dependency and indemnity compensation for surviving spouses and children. Our position is that any increase should be at least commensurate with that reflected by the Consumer Price Index.

Therefore, Mr. Chairman, we cannot take exception to the proposed compensation increase at this point since we do not know what the CPI will be when this measure clears both Houses of Congress.

Mr. Chairman, we have no objection to the passage of a majority of the measures before this committee today. We do not object to the increase and compensation payable to veterans who have lost the use of both arms as a result of a service-connected disability, the authorization of the VA to furnish memorial headstones or markers to commemorate veterans who by choice are either buried at sea or donate their bodies to science or who are cremated and have their ashes scattered without interment, and the authorization of the Administrator to provide a memorial plaque or marker in appropriate situations to the next of kin of a veteran who would otherwise have been memorialized in a national, private, or local cemetery.

We also have no objection to increasing the maximum amount payable to a veteran for specially adapted housing assistance and increasing the adaptive automobile assistance allowance along with the extension of eligibility to certain service-connected disabled veterans suffering from ankylosis. The authorization of the Administrator of the VA to guarantee home loans on a graduated payment plan and finally, a bill to provide that a pension of a single veteran who is blind as a result of a non-service-connected disability and who is participating in a program of rehabilitation shall not have their pension reduced if the period of care extends for more than 3 months.

Mr. Chairman, while we appreciate the intent of two measures to provide that the remarriage of a spouse of a veteran after the age 62 shall not result in termination of DIC benefits and the authorization of a special pension to the surviving spouses of persons awarded the Medal of Honor, we believe that in these times of fiscal restraint involving elimination of direct veterans' benefits, this is not the time to expand the spectrum of beneficiaries.

Mr. Chairman, this concludes my testimony.

Chairman SIMPSON. Thank you very much.

[The prepared statement of James N. Magill, and the Veterans of Foreign Wars' response to a written question submitted by Hon. Alan Cranston, ranking minority member of the Committee on Veterans' Affairs, follow:]

VFW
VETERANS OF FOREIGN WARS OF THE UNITED STATES
NATIONAL LEGISLATIVE SERVICE
Office of Director

PREPARED STATEMENT OF

JAMES N. MAGILL, SPECIAL ASSISTANT
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

WITH RESPECT TO A COMPENSATION COST OF LIVING INCREASE AND
OTHER LEGISLATIVE PROPOSALS

WASHINGTON, D.C. June 11, 1981

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Thank you for the privilege of appearing before this distinguished Committee to present the views of the Veterans of Foreign Wars of the United States.

Mr. Chairman, the first measure under consideration today, S. 917, introduced by you, would amend Title 38 to increase by 11.2 percent the rates of disability compensation for disabled veterans, and increase the rates of dependency and indemnity compensation for their surviving spouses and children.

Mr. Chairman, the basic element of all veterans benefits is the compensation program, which benefits in part some 2.2 million veterans for loss of earning power due to their service-connected disability; and the dependency and indemnity compensation program for 360,000 survivors of veterans who were killed while on active duty or who suffered a service connected disability and were permanently and totally disabled at the time of death. Our position is that any increase should be at least commensurate with that reflected by the consumer price index. This position is reflected in our priority legislative goals.

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Therefore Mr. Chairman, we cannot take exception to the proposed compensation increase at this point since we do not know what the inflation rate will be when this measure clears both Houses of Congress.

Mr. Chairman, S. 1317 which was introduced by you, would amend 38 USC 103 (d) to provide that the remarriage of a surviving spouse of a veteran after the age sixty-two shall not result in termination of dependency and indemnity compensation. Another bill also introduced by you, S. 911, would authorize a special pension to the surviving spouses of persons awarded the Medal of Honor.

Mr. Chairman, although the V.F.W. appreciates the intent of these measures, we find them incongruent and untenable in light of the current fiscal climate. Just recently, this Committee advanced cost-savings legislation which in part denies burial benefits to all but approximately 2 million of our 30 million veterans. We believe that when benefits are being curtailed to veterans, it is not the time to expand the universe of beneficiaries.

Mr. Chairman, the next measure for consideration, S.1297, introduced by the Hon. Strom Thurmond, is a bill to amend Title 38 USC to increase the compensation payable to veterans who have lost or lost the use of both upper extremities as the result of a service-connected disability. According to the Veterans Administration there are approximately 482 veterans who have suffered this extremely severe disability. S. 1297 would advance these veterans one full step in their statutory award category resulting in an average increase in compensation of $250 per month. The V.F.W. believes S. 1297 proposes a justifiable liberalization of the program and therefore has no objection to its passage.

Mr. Chairman, S. 779 was introduced by the Honorable Robert T. Stafford and amends 38 USC 906 to authorize the Veterans Administration to furnish memorial headstones or markers to commemorate veterans who by choice are buried at sea, who donate their bodies to science, or who are cremated and have their ashes scattered without interment. In addition, the bill would amend 38 USC 1003 with respect to memorial areas in national cemeteries to include members of the Armed Forces whose remains were buried at sea (whether by the member's own choice or otherwise); those whose remains were donated to science; or those whose remains were cremated and the ashes scattered without interment of any portion of the ashes.

As a matter of equity, we support passage of S. 779. No honorably discharged veteran should be denied memorialization merely because he or she is buried at sea by choice, donates his or her body to science, or elects to have his or her remains scattered following cremation. It should be noted that 38 USC 906 (b) already provides that headstones or markers be provided for those veterans buried at sea.

S. 112, introduced by the Honorable Daniel K. Inouye, also calls for memorial areas and memorials to be provided for those veterans who have donated their remains for use in medical research or training. Inasmuch as this same provision is included in the more comprehensive bill introduced by Senator Stafford, we support S. 779 in lieu of S. 112.

The next bill under consideration, S. 415 introduced by the Honorable Alan Cranston, ranking minority member of the committee, increases the maximum amount payable in Veterans' Administration specially adapted housing assistance from $30,000 to $35,000. In these inflationary times we believe this is an appropriate adjustment and therefore support passage of S. 415.

Mr. Chairman, S. 416, also introduced by Senator Cranston, increases from $3800 to $5000 the maximum amount of the automobile assistance provided to certain severely service-connected disabled veterans. Again, taking into consideration the inflation rate we believe this increase is appropriate and support its passage. In addition, this measure extends eligibility to certain other service-connected disabled veterans suffering from ankylosis (the abnormal immobility and consolidation of a joint) of one or both knees or hips. We support this provision as a matter of equity for those who have lost the use of one or more extremities.

Mr. Chairman, S. 1316 which was introduced by you, authorizes the Administrator of Veterans' Affairs to guarantee home loans with provision for graduated-payments plans.

Mr. Chairman, it is well-known that financing for homes is becoming more and more difficult to obtain. The commercial lending market has experienced unprecedented upward pressures over the past several years, causing rates for all borrowing to escalate. In addition, the traditional fixed-rate mortgage is becoming harder to find since lending institutions are switching to variable or graduated payment plans in order to reduce their element of risk. We appreciate this Committee's foresight in realizing that to keep competitive, liberalization is needed and we have no objection to the passage of S. 1316.

Another bill introduced by the Chairman of this distinguished Committee, S. 1315, provides that the pension of a single veteran who is blind as a result of a nonservice-connected disability and who is participating in a program of rehabilitation of blinded veterans shall not be reduced because the period of care extends for more than three months, as stated in current law. The V.F.W. recognizes that in certain instances a veteran is not able to complete his or her training in the prescribed period of time and in some cases chooses to terminate their training early in order to avoid a reduction in their pension. Although we have no resolution relating to this measure, we do not object to its passage.

Finally Mr. Chairman, S. 915, introduced by you, would authorize the Administrator to provide a memorial plaque or marker in appropriate situations to the next of kin of an individual who would other wise be memorialized in a national, private or local cemetery. As a matter of equity, Mr. Chairman, we have no objection to this bill.

This concludes my testimony, Mr. Chairman, and I will be happy to respond to any questions you may have at this time.

RESPONSE OF THE VETERANS OF FOREIGN WARS TO A WRITTEN QUESTION SUBMITTED BY HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE COMMITTEE ON VETERANS' AFFAIRS

Question. S. 917 contains two provisions that have been proposed by the VA in the past but which this Committee has not approved on the grounds that they are inequitable to certain dependents. One provision would place a limitation on the amount of retroactive benefits payable to a veteran's surviving child whose eligibility for DIC benefits becomes established at a time later than the eligibility of the veteran's other surviving child or children was established. The second provision would provide that, where a surviving spouse is a DIC recipient receiving a dependents' allowance for a child and the child becomes entitled to DIC when he or she reaches the age of 18 and is attending school, the DIC benefit payable to the surviving child for the month in which he or she reaches age 18 is to be reduced by the amount of the dependent's allowance. Please state your organization's position on these two provisions.

Answer. Under current law, if dependency and indemnity compensation has been awarded to a veteran's child or children and the entitlement of an additional child is established retroactively, the original beneficiaries are charged with an overpayment requiring reimbursement to the VA. It is of the opinion of the Veterans of Foreign Wars that the overpayment is an injustice and the provision submitted by the VA would rectify this inequity. However, the VFW believes the provision could go one step further in assuring that the additional surviving child is not penalized by having to accept a lower amount than what would have been paid should he or she not made a delayed application.

After review of the second provision, we cannot support this change in current law, inasmuch as we do not view this as an inequity.

Chairman SIMPSON. Now, Gabe Brinsky, national service legislative director of AMVETS. Gabe Brinsky, please?

Mr. BRINSKY. Thank you, Mr. Chairman. It is not our intention to dwell on the provisions of the various bills or to advance any arguments for or against since we are sure that the committee is more than familiar with both. It is our intention solely to express our position for the record.

With the committee's permission, we will attach a more detailed statement to be incorporated into the record.

Chairman SIMPSON. Certainly, without objection.

Mr. BRINSKY. AMVETS has no objection to S. 112 but prefers the more encompassing provisions of S. 779 which would authorize the Veterans' Administration to furnish memorial headstones or markers to commemorate veterans who by choice are buried at sea, who donate their bodies to science, who are cremated and have their ashes scattered without interment.

We support S. 415, which is a realistic approach to a very troublesome problem which would increase the maximum amount payable in Veterans' Administration specially adapted housing assistance to $35,000 from the present $30,000.

We strongly support the provisions of S. 416 which would correct an existing inequity. To us, it appears patently inequitable to deny special adaptive equipment to overcome a disability resulting from ankylosis which is of service origin and when such adaptive equipment is necessary to meet the applicable standards of licensure required by the State of the veteran's residence.

S. 911 would provide a special pension at the rate of $100 monthly to the surviving spouse who had been awarded the Medal of Honor.

AMVETS has the highest regard and respect for our Medal of Honor winners and we believe that they should be accorded all recognition possible by our Government, but we have difficulty in rationalizing the basis on which this heroism can be transferred to a surviving spouse. Accordingly, we do not favor enactment of this bill.

S. 917 would increase the rates of disability compensation and the rates of dependency and indemnity compensation. We believe that the increases reflected are realistic based on established information and what appears to be a valid projection.

AMVETS favors S. 1297 which would increase the compensation payable to certain severely disabled veterans with a service-connected loss or loss of use of both upper extremities from subsection (n) to (l) under section 314, title 38, United States Code.

I might add that we agree with the position taken by Mr. Heilman here that this would not mean an increase in rates per se would only come about by reason of elevation of the paragraph. These rates are set under section 314.

What it would amount to would be a reclassification as to the degree of disability.

We also favor S. 1315 and the graduated mortgage provisions of S. 1316.

AMVETS does not favor S. 1317 which would allow widows to remarry after the age of 62 years to retain DIC benefits. Briefly, the concept of benefits administered by the Veterans' Administration is to those who served and their dependents.

Once a widow of a veteran remarries, she can no longer be classified or considered as his dependent. We dwell on this issue in greater detail in our statement to be incorporated into the record.

This concludes my remarks. Thank you very much.

[The prepared statement of Gabriel P. Brinsky follows:]

PREPARED STATEMENT OF

GABRIEL P. BRINSKY
NATIONAL SERVICE & LEGISLATIVE DIRECTOR AMVETS

Before The
COMMITTEE ON VETERANS' AFFAIRS

UNITED STATES SENATE

WASHINGTON, D. C.

June 11, 1981

Mr. Chairman, Members of the Committee, AMVETS appreciates the opportunity to appear today to express its views concerning pending bills which are being considered by the Committee this morning.

It is not our intention to dwell on the provisions of the various bills or to advance any arguments for or against, since we are sure that the committee is more than familiar with both. It is our intention solely to express our position for the record. With the Committee's permission, we would like to attach a more detail statement to be incorporated into the record.

AMVETS has no objection to S-112 but prefers the more encompassing provisions of S-779 which would authorize the Veterans Administration to furnish memorial headstones or markers to commemorate veterans who by choice are buried at sea, who donate their bodies to science, who are cremated and have their ashes scattered without interment.

We support S-415 which is a realistic approach to a very troublesome problem which would increase the maximum amount payable in Veterans Administration specially adapted housing assistance to $35,000 from the present $30,000.

We strongly support the provisions of S-416 which would correct an existing inequity. To us, it appears patently inequitable to deny special adaptive equipment to overcome a disability resulting from ankylosis which is of service origin and when such adaptive equipment is necessary to meet the applicable standards of licensure required by the State of the veteran's residence.

S-911 would provide a special pension at the rate of $100 monthly to the surviving spouse who had been awarded the Metal of Honor.

AMVETS has the highest regard and respect for our Metal of Honor winners, and we believe that they should be accorded all recognition possible by our government, we have difficulty in rationalizing the basis on which this heroism can be transferred to a surviving spouse. Accordingly, we do not favor enactment of this Bill.

S-917 would increase the rates of disability compensation and the rates of dependency and indemnity compensation. We believe that the increases reflected are realistic based on established information and what appears to be valid projections.

AMVETS favors S-1297 which would increase the compensation payable to certain severely disabled veterans with a service-connected loss or loss of use of both upper extremities from Paragraph n to 1, Section 314, 38 U. S. Code. We also favor S-1315 and the graduated mortgage provisions of S-1316.

AMVETS does not favor S-1317 which would allow widows who remarry after the age of 62 years to retain DIC benefits. Briefly, the concept of benefits administered by the Veterans Administration is to those who served and their dependents. Once a widow of a veteran remarries, she can no longer be considered as his dependent. We dwell on this issue in greater detail in our statement to be incorporated into the record.

This concludes my remarks. Thank you very much.

Under the provisions of S-415, which would amend Title 38, United States Code, 802, the maximum amount payable in Veterans Administration specially adapted housing assistance would be increased from 30,000 to $35,000. Periodic adjustments have been made in the past in this area in order to keep pace with inflation. Enactment of this Bill is required in order to accomplish a realistic adjustment in the inflationery rates.

Existing law does not provide the furnishing of memorial headstones or markers to commemorate veterans who by their own choice were buried at sea or who donated their bodies to science or who were cremated and had their ashes scattered without interment. S-779 would authorize the Administrator, when requested, to provide an appropriate memorial headstone or marker to commemorate any veteran whose remains have not been recovered or identified or whose remains were buried at sea. This authority would also extend to those whose remains were donated to science or cremated and the ashes scattered without interment for placement in a national cemetery area reserved for such purpose. The Bill would also provide that the Administrator of the Veterans Administration should set aside available suitable areas in national cemeteries to honor the memory of members of the Armed Forces who are missing in action and whose remains have not been recovered or identified as well as the remains of those who are buried at sea or donated to science.

The cost of this Bill would be well within current budgetary restraints. It would rectify a situation which cries out for correction. AMVETS unequivocably supports this proposed legislation. No greater debt is owed by this nation to a single group than to the Medal of Honor holders. However, AMVETS cannot support S-911 which would amend Section 562 of Title 38, United States Code, to authorize the payment of a special pension of $100.00 monthly to the surviving spouses of persons awarded the Metal of Honor. We believe that those who have received the recognition, the highest which the country can award, should receive every possible consideration. This nation will never be able to repay the valor that these recipients demonstrated on the field of battle. So, as a grateful nation, we have attempted in various ways to demonstrate this nation's gratitude. But with whom does this gratitude stop? The spouse? The children? The grandchildren? We are of the view that the benefits administered by the Veterans Administration to take care of those who served and their dependents, have finite goals.

S-1317 would permit widows who remarry after the age of 52 to retain their dependency and indemity compensation by reason of the service of a veteran husband. This benefit is payable to a survivor of a veteran who dies from a service-connected disability. Its intended purpose, of course, is to provide for the survivor of a veteran whose life was terminated, perhaps prematurely, by reason of his service in the Armed Forces of the United States. The benefit, in a small way, compensates for the loss of earning power which the surviving spouse may have had available had the veteran been alive. Again, in a small way, it would fulfill the responsibility which the veteran had by reason of having taken a spouse. And this responsibility, during the marriage, and even beyond that, continues. For the relationship continues, that of husband and wife, during life or after death of one of the spouses. But this relationship can be terminated by divorce or by remarriage. And we believe that the governments responsibility to the individual who served can be terminated by such termination. We perceive great difficulty in differentiating between a spouse who divorces a veteran and a spouse who remarries after the age of 62 years.

For the reasons stated, AMVETS opposes the provisions of S-1317.

RESPONSE OF THE AMERICAN VETERANS OF WORLD WAR II, KOREA-VIETNAM (AMVETS) TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE SENATOR COMMITTEE ON VETERANS' AFFAIRS

Question 1. One provision would place a limitation on the amount of retroactive benefits payable to a veteran's surviving child whose eligibility for DIC benefits becomes established at a time later than the eligibility of the veteran's other surviving child or children was established. Your organization's position is requested.

Answer 1. The proposed bill would amend section 413(b) to provide that if dependency and indemnity compensation has been awarded to a veteran;s child or children under this section, and the entitlement of an additional child is later established effective retroactively, the retroactive award payable to the additional child shall equal the difference between the total of the increased award for the retroactive period and the prior total award for that period. If we understand this provision correctly, it is purely an administrative expediency without any change in the total dollars which are awarded as compensation. Presently, the surviving spouse receives the DIC benefits including the additional amounts for children, which theoretically she distributes or holds for the children. The suggested amendment to section 413(b) would not alter the total amount of dollars paid. It would merely clarify in whose behalf and for what purpose the adjustment in the DIC rates was being made. Therefore, in our view, since the proposal deals with strictly an administrative consideration, there is no need for the amendment as advanced by S. 917.

Question 2. Section 414(c) is amended by adding: "However, if during the month in which such child reaches age 18 he or she is also being considered a child below age 18 for purposes of additional dependency and indemnity compensation for a surviving spouse under subsection 411(b) of this chapter, the amount of the child's award for that month will be reduced by an amount equal to the surviving spouse's additional award, for the same month, attributable to the child."

Answer 2. As we view this provision, it would provide for an adjustment of rates predicated on a fraction of a month's entitlement. While we do not have statistics available to us as to what the actual savings such an amendment might result in, we are of the impression that the monetary savings involved would be comparatively minimal. Considering the administrative cost involved, and the fact that a child would be penalized without fault on the part of the child, it is highly questionable whether such adjustments in DIC awards is desirable. While such adjustments would not create an overpayment, its affect would be the same as the creation of an overpayment but without the remedies available in seeking a waiver of recovery of such overpayment. When created without fault, such overpayments can be waived. The adjustments provided for in the proposed amendment even though created without fault are not subject to waiver. To this extent, we believe any adjustment as provided by S. 917 would be inequitable. Therefore, AMVETS does not favor the proposed amendment of section 414(c).

Chairman **Simpson**. Two measures before the committee today, S. 911 and S. 1317, which would provide benefits to surviving spouses, seem to carry out the message which was spoken so clearly by President Lincoln, that same message which is, I believe, part of the plaque on the side of the Veterans' Administration building here in Washington, and pledges to care for him who shall have borne the brunt of battle and for his widow and his orphans.

I have heard here unanimous support for the increase in disability compensation and DIC benefits, but when these extended benefits for "his widow" are proposed, I see a very clear resistance from the veterans organizations and yet the country's debt is to that veteran and the family unit, which includes the widow.

We have recognized that through the decades by providing assistance to the spouse who provides some form of essential emotional support and personal incentive to assist in the goals of preserving the Nation's best interest and, of course, the children.

How are you able to defend benefits for the veterans so very fully and yet oppose the "promised care" for the widow?

Mr. **Sommer**. Mr. Chairman, John Sommer with the American Legion. We certainly support the increases in DIC which is by the same amount as the increases in disability compensation. However, it has long been the feeling of our organization that once a surviving spouse of a deceased veteran remarries, the attachment or the dependence upon that deceased veteran no longer exists.

Chairman **Simpson**. I think what we find, at least in our examination, is that many surviving spouses who are in receipt of DIC in their latter years, often as you all admit in their senior citizen status, who because of a deeper fear of poverty and the fact that they have been using DIC to live on for many years, rather than remarry, simply remain unmarried but with a new partner despite what evidence we have that there is rather a distaste for that type of lifestyle for those type of people and usually of that age bracket.

What is your explanation for that?

Mr. **Riggin**. Mr. Chairman, that certainly is a very real problem. We hear stories every day about social security recipients who remain unmarried in order to maximize their benefits and I am assuming that's the sort of thing that you are discussing here.

As Mr. Sommer said, however, we're not simply ignoring these widows, these dependents, because DIC, of course, is payable to those folks and we are supporting an increase in that. However, I think that with these two measures, specifically the measure with Medal of Honor winners and—I guess both the measures—somewhat change the concept of the benefit. In fact, compensation is more of a statutory delivery of assistance based upon a disability and it becomes somewhat of a needs-based circumstance with these two measures and I think we are arguing basic concept of the original benefit in this regard.

Chairman **Simpson**. I think we all agree that this certainly is the year when it's especially important to discuss cost-cutting and fiscal responsibility, and we do talk about it, not only talk about it, we anguish about it, and we have gone through that ritual.

You have all chatted with me from time to time about the primary mission before us. Al Cranston said it so distinctly and I reiterate, and you're going to see me keep coming back to it as a theme that's very clear that the primary mission of this committee and the Veterans' Administration is to provide benefits for the service-connected disabled veteran.

I have also stated that we're going to go into issues like eligibility and the benefits reviewed by the non-service-connected disabled and service areas and service commitments and it will be done in a clear manner and without any attempt to shroud some missing motive in it.

The benefit that we do provide and the mission of the VA toward the service-connected disabled has always included the surviving spouse as originally intended and I guess I come back to this issue because it seems to me that the DIC widow has often devoted a great portion of her life to save and caring for a totally disabled veteran even at some personal sacrifice and then, when she has this opportunity to remarry, she must weigh the financial consequences of her action.

Her proposed spouse is often retired and living on a limited income so I would ask you to comment on the VA statement at page 19 of their testimony that the enactment of S. 1317 would be a "logical extension" of the beneficial provisions of Public Law 91-376 which provided for the restoration of DIC or pension if a remarriage is terminated by death or divorce.

Mr. MAGILL. Mr. Chairman, as we have stated in our testimony, we do appreciate the intent of this piece of legislation we also stated that we feel that in these times of fiscal restraint, when we are cutting our benefits to the veteran, we should not expand the scope.

Perhaps, at a later date when the economy is in a better situation we could readdress this point.

Chairman SIMPSON. Any of you have any response to that question?

Mr. BRINSKY. Yes, sir. Perhaps our view is colored too much by what we consider to be legal restraints. We feel that a widow is a widow because she is married to the veteran. As such, she was his dependent. When she remarries, she no longer has the status of a widow, she is now a remarried person.

While it is true there are arguments, strong arguments in favor of restoring these people to the rolls, there are also arguments, nonlegal in nature, against so doing. For example, these women could be prime subjects of scheming men.

It's very conceivable if a man doesn't have any income and he knows he can't marry a woman who does, that that might be a factor in the marriage.

Chairman SIMPSON. I'm going to give equal time to several in the back of the room there who gasped. [Laughter.]

Mr. BRINSKY. Mr. Chairman, I'll be gone by then.

Chairman SIMPSON. I'll see that they remain here while you get down the hall.

Well, we won't go any further on that. [Laughter.]

Now to the Medal of Honor issue, that indeed is a very special award and there is certainly no intent to establish a survivor benefit which would take away from that significance in any way, but we simply do recognize in some tangible fashion the contribution of a spouse of such an honoree.

What is your view of the role of a spouse in providing a support system—incentive—a time of companionship with the veteran and, in this very special and limited way of receiving this benefit? I'd like a little more development on that, if I could, please?

Mr. **Sommer**. Mr. Chairman, John Sommer with the American Legion. It's been the feeling of the American Legion that the Medal of Honor is presented in recognition of heroism to an individual who has distinguished himself conspicuously by his gallantry at the risk of his life above and beyond the call of duty.

We just feel that to award any benefit derived from this honor to anyone other than the recipient of the Medal of Honor would demean the concept of the Nation's highest military honor.

Chairman **Simpson**. You remain consistent and that is appreciated. We're going to develop cost figures and some further testimony on that and we will share that together.

A couple more questions. The VA, on page 26 of its testimony, proposes two expansions of S. 779. Those expansions would authorize the Administrator to place a memorial marker in any State veterans' cemetery as well as any private or local cemetery provided all veterans dying after December 7, 1941, would be covered.

What is your view on those proposals?

Mr. **Sommer**. Mr. Chairman, John Sommer of the American Legion. Our organization would have no objection to that.

Chairman **Simpson**. The VA opposes the enactment of the provisions of S. 416 which would extend eligibility for the adaptive automobile equipment, we discussed that, veterans with ankylosed knees or hips, or for a variety of reasons that no significant rehabilitative purpose would be served stating that it's unfair to single out one specific disability for an expansion of benefits.

This expansion would be a supplement to disability compensation because most of the kind of adaptive equipment needed is now available on many automobiles and that the provision would result in complex administrative problems.

Would you comment on the VA's objections to that provision of S. 416?

Mr. **Sommer**. Mr. Chairman, John Sommer of the American Legion. I feel that Mr. Heilman gave a very distinct illustration of a case where a veteran would be unable to drive an automobile as it comes from the factory. Say, for instance, if his right leg is ankylosed at a 140° angle or straight out 145° angle, he pointed out where you would have to have another means of acceleration.

This probably is the most distinct group of veterans who are not eligible for the adaptive equipment already and who need it to satisfy the driver's license requirements in the States in which they are a resident.

Mr. **Riggin**. Mr. Chairman, apart from that, you mentioned the VA comment stating this extended or expanded benefit would have no rehabilitative value. I don't really understand why rehabilitation is involved in this at all. We're talking about an individual who is service connected, there is no question about that, and we're talking about his ability to transport himself from one point to another.

I don't understand the rehabilitative argument at all in this particular issue or benefit or legislation. I don't think it's all that relevant.

Chairman SIMPSON. Yes. Well, that's one of the things I am trying to point out. Perhaps we can determine the reason for that description and definition from the VA. I'm sure your organization would get a response if you wish to inquire, and I think you will be doing that. That would be important.

Well, I have a couple of other questions, but I would have directed them to the DAV and so I will submit those in writing to Rick Heilman of the organization. I thank you. There will be certain written questions and you've been informed of the deadline for a response to those questions. Thank you for making yourselves available to us—you have been very helpful.

Mr. BRINSKY. Thank you, Mr. Chairman.

Chairman SIMPSON. Next, a panel of Gordon Mansfield, associate legislative director of Paralyzed Veterans of America; John Fales, employment director, accompanied by Sumner Vale, acting executive director of the Blinded Veterans Association; and William Fisher, national commander of the Veterans of World War I of the United States.

John, I can tell that you will not be intimidated by this curious array of things up here in any way. So, please proceed. Gordon, I believe you would be first on the list and then John.

TESTIMONY OF A PANEL OF REPRESENTATIVES OF VETERANS' ORGANIZATIONS: GORDON H. MANSFIELD, ASSOCIATE LEGISLATIVE DIRECTOR, PARALYZED VETERANS OF AMERICA: JOHN FALES, JR., EMPLOYMENT DIRECTOR, BLINDED VETERANS ASSOCIATION, ACCOMPANIED BY SUMNER VALE, ACTING EXECUTIVE DIRECTOR; AND WILLIAM G. FISHER, NATIONAL COMMANDER, VETERANS OF WORLD WAR I OF THE U.S.A., ACCOMPANIED BY WINSTON ROCHÉ, NATIONAL LEGISLATIVE DIRECTOR

Mr. MANSFIELD. Thank you, Mr. Chairman, and members of the committee for allowing Paralyzed Veterans of America to appear here this morning to testify on these proposed bills, many of which are of direct concern to the membership of Paralyzed Veterans of America or to veterans whom PVA represents as a congressionally chartered veterans service organization.

In the interest of time, I would ask that the statement of Paralyzed Veterans of America be submitted for the record and I will comment on two or three items that we are most directly concerned with.

Chairman SIMPSON. Without objection, so ordered.

Mr. MANSFIELD. With regard to compensation, PVA has always supported a viable program to adequately care for the needs of service-connected disabled veterans and their families. We would hope that the committee would keep in mind the effects of the economy and inflation when they consider increases in this area.

We also hope that the committee would keep in mind the fact that PVA believes that for the last 4 years at least, that the increases have run below the rate of inflation as indicated by the

CPI and I realize here that we are dealing in numbers and different factors—areas where economists and philosophers disagree.

PVA would support the proposed legislation.

With regard to dependency and indemnity compensation, PVA would have to break ranks at this point because we wholeheartedly support the provisions the committee has proposed.

Perhaps because of the nature of the disability that our members suffer from, we realize a little bit more what the surviving spouse has contributed to the life of a veteran. We talk here about dependency compensation—in our case, it's more—supporters compensation.

These spouses, many of them, have spent a lifetime caring for service-connected disabled veterans and in so doing have relegated their role in society to perhaps less than what it might have been. They've also foregone opportunities for education or for employment and at the time of the veteran's death, the widow is often at an age where it's hard to find employment because No. 1, she doesn't have the education which she's foregone because she's cared for the veteran or she doesn't have the employment record.

With economic conditions, it's almost impossible for her to find an adequate paying job and I think if you will refer to our testimony, you will see some of the examples that we have provided, a survey that we have done among our own membership and other veterans.

With regard to S. 415 and S. 416, PVA wholeheartedly supports both of the increases proposed in these bills. I think the testimony presented provides adequate support for the housing grant and in that area, I would like to refer the committee to section 612 (a) and (f) of title 38, United States Code, commonly known as the housing improvement and structural alteration grant [HISA] and urge the committee to consider an increase in those grants based on the same evidence as provided above.

With regard to the automobile adaptive equipment provisions, PVA would support this provision and finds the VA statement that these are strictly rehabilitative incomprehensible. I think, perhaps, what the representative was talking about might possibly be section 1903, but we believe that the amendments to sections 1901 and 1902 should be supported.

Thank you, Mr. Chairman.

Chairman SIMPSON. Thank you very much.

[The prepared statement of Gordon H. Mansfield, and the response of the Paralyzed Veterans of America to written questions submitted by Hon. Alan Cranston, ranking minority member of the Committee on Veterans' Affairs, follow:]

PVA
PARALYZED
VETERANS
OF
AMERICA
CHARTERED BY THE CONGRESS OF THE UNITED STATES

PREPARED STATEMENT OF

GORDON H. MANSFIELD, ASSOCIATE LEGISLATIVE DIRECTOR

PARALYZED VETERANS OF AMERICA

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS

OF THE

UNITED STATES SENATE

CONCERNING

PROPOSED AMENDMENTS OF COMPENSATION AND OTHER PROGRAMS

JUNE 11, 1981

Mr. Chairman and Members of the Committee, on behalf of the members of Paralyzed Veterans of America, I wish to thank you for this opportunity to present the views and concerns of PVA regarding the proposed legislation being considered here today. I am Gordon H. Mansfield, Associate Legislative Director of Paralyzed Veterans of America. Many of the bills before the Committee will have an immediate and direct effect on a large percentage of PVA's membership, while others affect veterans whom PVA represents as a Congressionally Chartered Veterans Service Organization.

Regarding S. 917, a bill which will increase disability compensation rates for disabled veterans and Dependency and Indemnity Compensation (DIC) for surviving

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spouses and children, PVA has always supported a viable program to adequately care for the needs of service-connected disabled veterans and their families. PVA believes these programs go to the core of the philosophy which the Members of this Committee have consistently stressed as being the basic reason for the Veterans Administration's existence--to aid those who have incurred disease or disability as a result of service to their country. The main factor which PVA believes the Committee should consider is that increases in compensation rates should always keep abreast of the effect of inflation for all service-connected disabled veterans. Especially relevant this year is the fact that for the last four years increases in compensation benefits have run slightly behind the rate of inflation as indicated by the Consumer Price Index.

PVA views with alarm the fact that the recently implemented "Veterans Disability Compensation and Housing Benefits Amendments of 1981" (Public Law 96-385) awarded a large portion of service-connected disabled veterans increases in compensation which were considerably below the rate of inflation, and were less than increases in benefits given to recipients of other federal income maintenance programs. PVA hopes that this is not a trend whereby Congress will fail to offset the loss of earning capability experienced by veterans because of their service to the nation, and we trust that this Committee will rectify this problem when it reviews the compensation program this year as it presents proposals to the Congress.

Compensation benefits were designed for purposes other than retirement: they are to offset the loss of earnings capacity, and additional expenses, of disabled veterans who were injured while engaged in service to the nation. Also, these payments are not indexed to provide for automatic increases when factors such as inflation and other economic problems adversely affect the finanical well-being of the recipient. PVA requests that this Congress carefully weigh the effects of President Reagan's economic proposals when considering increases in compensation payment levels. The Admnistration's projections of the state of the economy differ in great degree from those of the nation's business community and of the Congressional Budget Office. Indications of these differences are evidenced by such indicators as the current Prime Rate and mortgage interest rates. PVA believes that the net effect of the previous four years' compensation increases at less than the actual rate of inflation, combined with current-year increases based upon low estimates of the projected inflation rate, may cause serious financial harm to service-connected disabled veterans. PVA urges continued dedication by the Veterans' Affairs Committees, the Senate, and the full Congress to maintaining adequate rates of compensation benefits so that service-connected disabled veterans will not be further penalized for the sacrifices they have made in service to the nation.

In addition to recognizing the gradual but continuous decline in compensation benefits, PVA requests that the 97th Congress closely examine inequities contained in the Dependency and Indemnity Compensation (DIC) program as it affects surviving spouses of service-connected disabled veterans. PVA has noted the Congressional recognition of the advancing age of millions of veterans and has testified in support of such measures as improvement of the VA's geriatrics program. A corollary of these demographics is that certain older spouses of veterans are becoming increasingly reliant on survivors' benefits for their support.

When Congress passed the "Veterans' Disability Compensation and Survivors' Benefits Act of 1978" it created a very beneficial law that extends Dependency and

Indemnity Compensation (DIC) benefits to surviving spouses and children of certain veterans who were rated 100-percent service-connected disabled at the time of death, but whose deaths have not been determined by the VA to be service-connected.

PVA commends this Committee for this legislation aimed at providing for the survivors of those veterans who are likely to have a shorter life expectancy and, quite importantly, may not be able to accumulate estates sufficient to provide for their survivors. Yet, there remains the inequity that the survivor receives DIC benefits based on the veteran's military pay grade, and not on his degree of disability. PVA understands the rationale for awarding benefits based on pay grade when a serviceman dies while in active military service. However, surviving spouses of veterans who were severely disabled for many years deserve a greater benefit. Too often the surviving spouse of a severely disabled veteran has provided extensive care to the veteran because of his service-connected disability. The cost of continuous attendant care can and often does greatly exceed the maximum aid and attendance allowance (A&A) for service-connected disability. The result is that, despite the very helpful A&A allowance, the spouse often must provide time-consuming services which the veteran cannot provide for himself.

Upon becoming widowed a surviving spouse who receives DIC may be willing to seek employment but she would, in many cases, not have marketable skills due to the constant care needed by the veteran until his death. In addition, the spouse often must seek employment at a time in life when most full-time employees would be considering retirement.

Mr. Chairman, PVA has compiled some illuminating statistics on DIC recipients. We found that 56 percent were over fifty years of age and that 79 percent were over age forty. Approximately 88 percent were married to 100-percent service-connected disabled veterans for more than 10 years each. Sixty-six percent were married to such veterans for over twenty-one years. Obviously our belief is correct that numerous surviving spouses are left alone in life at a time when employment is difficult for them to achieve. This too often comes after they have helped care for severely and catastrophically disabled veterans for extended periods of their lives.

One widow recently wrote to PVA, and explained the plight of surviving spouses of service-connected disabled veterans. The widow is 52 years old:

> My husband, Paul, was wounded in November 1944, on a WWII battlefied. We met in 1946 while he was still hospitalized at Kennedy V.A. Hosp., Memphis, and married in 1947. He died April, 1980.
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> During the 32½ yrs of our marriage, he told me many times that after his injury, he never expected to live much longer, and he never dreamed he would have a normal family life. He said having our daughter and myself to live for, together with the care I gave him, had added years to his life. His Doctors have paid me the same compliment.
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> When we were married, I was barely 19, in love, and not worried about the years I might have to spend alone....I appreciate the benefits I am entitled to, but when your income goes from over $2000.00 one month to $326.00 the next, it is quite an adjustment. I would very much like to keep our home and the things we acquired together, but I can already see that it will be difficult. Taxes, insurance, utility cost, up-keep, everything is rising constantly. At the present, our home needs painting, termite treatment and concrete repairs, but I can't afford to have it done.

I would like to point out that the amount of $2,000.00 quoted in the above letter refers to the disabled veteran's receipt of both aid and attendance allowance and compensation payments. In cosidering these amounts the Committee should be aware that those veterans entitled to such payments have the associated expenses for medical care and attendance plus special, extraordinary expenses which the average person does not have. (Examples of these extraordinary expenses are higher costs for automobile, life and health insurance; higher home maintenance costs; higher utility payments; higher food costs due to special dietary requirements; higher rental or mortgage payments for accessible housing; and, increased transportation expenses.) Thus, these receipts are usually completely expended each month and do not become part of an estate to aid the family upon the veteran's death.

Another surviving spouse, who has been widowed for over threee years, explained to PVA that her experiences have been as difficult as the newly-widowed spouse, noted above, anticipates. The latter and her deceased husband constructed onto their home a special room to accomodate his disability. While he was alive, there were no property taxes. Upon his death the home was re-appraised and taxed. This year the property tax will be triple that which the widow first paid three years ago, and one of the major considerations for her tax assessment has been the expensive addition to the home which was needed to accomodate the disabled veteran's needs.

Still another letter to PVA cited a similar plight, with important references for those who feel that beneficiaries of income maintenance programs do not have to make mortgage payments and, consequently, that income maintenance benefits can therefore be reduced:

> Frankly I found myself in a state of shock, there I was with all our regular bills, such as food, utilities, clothing, medical bills, house payment, etc. Then I was informed that I would have to buy a car tag and pay taxes on the property which had been exempt until my husband's death. My first car tag I had to buy was $200.00. I took out a loan against the house to put insulation in the house, storm windows, and a stove, as my utility bill was $200 a month at the time. Not only was I faced with same bills, but some new ones were added. Then I heard from the V.A. that I would be getting $260 a month and my husband's last check was about $1700 a month, that was in 1976. We also owed $10,000 on the house that the mortgage insurance did not pay.

> I work every day that I possibly can and I still cannot balance a budget. I have borrowed money on my car, on the house and against life insurance and I still find myself overdrawn at the Bank.
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> My husband was in a wheel chair most of our married life. I spent almost every day of my life with him. He needed me there, that was my carreer. I had no time to spend working outside our home. My husband's health became progressively worse, as years passed. The last four years he was almost bedridden entirely.

This widow, after 29 years of marriage to the veteran, now works for $2.64 per hour and plans to sell her home to meet her debts and to reduce her expenditures.

Several widows have stated that they have had to sell their homes, and a number reported that they, too, are disabled. One sixty-one year old widow, herself a veteran of World War II, supplements her DIC benefits by cooking in a school cafeteria and last year earned $2,138.19 after taxes. Another widow is a 100-percent non-service-connected disabled veteran of the United States Navy, but drawing DIC based on her husband's military service precludes collection of non-service-connected disability pension benefits for which she would ordinarily qualify--she has elected DIC benefits because her husband served as an E-6, and the DIC payments exceed her possible pension benefits.

Some of the older surviving spouses have indicated that they have sought employment but advanced age and/or health-care problems prevent their being hired. Others report that attention required by their minor children prohibits full-time employment. The length of marriage to the veteran in these cases ranges from 18 to 35 years. Several survivors have indicated that they cannot afford basic home and automobile repairs and others have pointed out that without assistance from local groups they could not pay necessary fuel bills and property taxes. These hardships come, even though during the severely disabled veteran's lifetime his family received income and benefits sufficient to provide them with life's necessities, including transportation and comfortable housing. Quite predictably, the spouses facing the greatest difficulty are the ones who were married to veterans who were in the lower military pay grades.

In early 1978 the Veterans Administration presented to Congress and the President its "Evaluation of Benefits under the Dependency and Indemnity (DIC) Program." This study was done pursuant to Section 204 of Public Law 94-433, the "Veterans Disability Compensation and Survivor Benefits Act of 1976." The "Evaluation of Benefits" noted that 48.8 percent of surviving spouses in receipt of DIC received monthly payments based on pay grades E-1 through E-4 and their mean age, as of December 1976, was 60.49 years. The report projected a decrease in the total number of DIC recipients because of spouses' advancing age and the maturation of dependent children. Also important in the reduced number of DIC recipients is that dependent parents are experiencing an increased mortality rate while others are becoming eligible for old-age benefits.

There is a decreasing number of DIC recipients, and based on their financial needs PVA urges this Committee to propose legislation to restructure the DIC program to care for the surviving spouses of veterans who served in the lower military pay grades. In these cases DIC should be awarded on the basis of the veteran's degree of disability, not on military pay grade and we ask that the DIC rate be at least 75 percent of the disabled veteran's monthly compensation rate at the time of death. It must be remembered that these spouses helped disabled veterans live free of expensive institutions, at a savings to the government. Also, DIC benefits based on 75 percent of the veteran's monthly compensation rate will be computed only on basic compensation and will not include awarding a surviving spouse any portion of the veteran's aid and attendance allowance. PVA feels that this is a reasonable request for spouses who have served the nation by helping care for service-connected disabled veterans.

A second amendment to Title 38, United States Code, which PVA strongly supports relates specifically to DIC benefits for dependents when veterans have experienced service-connected spinal cord injuries or dysfunction. With the onset of such disability other bodily systems can break down in a complex manner. For instance, cardiovascular problems can arise very soon after spinal cord injury or dysfunction, and there is a high occurrence of diabetes because of urinary tract malfunction and/or hormonal imbalance. For many SCI veterans these are life-threatening conditions which arise directly from service-connected disabilities but which are not considered as being of service-connected origin for benefits purposes.

The law currently provides that if the SCI veteran dies within 10 years from onset of service-connected disability, but from causes not directly attributed to spinal cord injury or dysfunction, his surviving spouse and dependents do not qualify for DIC benefits. Therefore, PVA requests that Section 410 (b)(1) of Title 38 be amended so that in the case of any veteran who has been rated as service-connected disabled because of spinal cord injury or dysfunction resulting in paraplegia or quadriplegia for a period of less than 10 years, and such veteran dies as a result of any disease, DIC benfits shall be paid to the surviving spouse and/or children in the same manner as if the veteran's death were service-connected.

Mr. Chairman, the membership of PVA is particularly concerned with S. 415 and S. 416, to respectively increase the amount payable for specially adapted housing assistance and for automobile assistance, as well as extending the eligibility for provision of automobile adaptive equipment to certain other service-connected disabled veterans. The cost factors involved in new home construction or purchase and renovation of existing housing are well known to all Members of this Committee Presentation of actual figures will explain PVA's active support of these two bills. The Bureau of the Census, through its Construction Division Office, has supplied the following costs of speculatively built new home sales:

1980 Median Sales Price	$64,500.00
1980 Average Sales Price	$76,300.00
1979 Median Sales Price	$62,900.00
1979 Average Sales Price	$71,800.00
1978 Median Sales Price	$55,700.00
1978 Average Sales Price	$62,500.00

The National Association Of Realtors (NAR) indicates that the median sales price for an existing single-family home in April of 1981 was $65,300 while the average sales price was $77,600. These figures represent an increase from March 1981, of $900.00 and $1,400.00 respectively, in just one month. NAR also reports that from March 1980, to March 1981, the average rate of appreciation for existing houses was 8.4%; and during calendar year 1980 the mean cost of single family housing ranged from $57,900.00 in January to $63,000.00 in December, with a high of $64,900.00 in August. The comparable average costs ranged from $68,200.00 in January to $74,000.00 in December, with a high of $76,200.00 in August.

Specially adapted housing provides the service-connected veteran the ability to leave an institutional setting with its associated high cost of care and attendance. Additionally, being in a home environment allows the family to provide for some of the necessary medical care and attendance required in daily living. Studies indicate that this same family environment can reduce or alleviate some of the disabled veteran's medical care requirements due to the support the members of the family provide. PVA requests that the Committee consider increasing the benefit available under Section 612(a) of Title 38 ("HISA GRANTS") inasmuch as the costs associated with this type of renovation of existing housing are as much, if not more, than home purchases. The present condition of the home construction industry obviously indicates that subcontractors (those most involved in "HISA" renovations) are exposed to the upwardly sprialling costs involved in the industry as a whole. In fact, sub-contractors are probably feeling the impact of inflation to a greater degree because they do not have the "economics of scale" advantage of major contractors. Also, the adaptations to housing provided under the "HISA" grant involve those areas, such as renovation of bathroom facilities, electrical systems, and widening of hallways and room entrances where costs are often higher than normal alterations. Therefore, PVA urges this Committee to include in its pending legislation measures to increase this specific grant to reflect increasing costs.

The provision of automobile adaptive equipment gives the veteran a certain degree of independence and provides many of the same benefits as the housing allowance. Two of the greatest provisions these benefits provide are the possibility of entering the work-force and the ability to participate in community affairs. Thus, these two entitlements have the dual advantage of reducing direct government expenditures for care and attendance, and they aid the disabled veteran in re-entering daily community life, often with gainful employment or participation as a volunteer in local programs. The result of these actions is to reduce expenditures by including the disabled veteran in the workforce and adding to government revenues through taxes. A secondary result is that local government or private agencies are provided with a larger number of volunteer workers-often with special knowledge which can be directly applied with minimum instruction or training costs. Volunteer participation in local communities can often reduce the state and local costs of maintaining needed programs. Thus, the net result in either case is a savings to the taxpayer. PVA wholeheartedly supports both S. 415 and S. 416 and urgently requests this Committee support their passage.

With regard to S. 779, concerning the furnishing of memorial headstones or markers to commemorate veterans who by choice are buried at sea, who donate their bodies to science, or who are cremated and have their ashes scattered without internment, PVA supports this proposed legislation. PVA believes that the United States of America has always depended upon the concept of service to country in maintaining its Armed Services and that any eligible serviceman, who so desires, should be entitled to have that service commemorated.

Mr. Chairman, thank you for holding this hearing for allowing PVA to express the views of its members. It is especially important in this time of budget constraint that veterans have access to a forum to present information on issues which directly affect their daily lives. In these circumstances we find it gratifying that the Members of this Committee are providing us an opportunity to be heard. PVA trusts that this type of hearing will be extended to other areas including the NSC pension program and wishes to be able to testify on that issue in the near future.

Mr. Chairman, this concludes my testimony. I will be happy to answer any questions that I can.

RESPONSE OF THE PARALYZED VETERANS OF AMERICA TO A WRITTEN QUESTION SUBMITTED BY HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE COMMITTEE ON VETERANS' AFFAIRS

Question. S. 917 contains two provisions that have been proposed by the VA in the past but which this Committee has not approved on the grounds that they are inequitable to certain dependents. One provision would place a limitation on the amount of retroactive benefits payable to a veteran's surviving child whose eligibility for DIC benefits becomes established at a time later than the eligibility of the veteran's other surviving child or children was established. The second provision would provide that, where a surviving spouse is a DIC recipient receiving a dependents' allowance for a child and the child becomes entitled to DIC when he or she reaches the age of 18 and is attending school, the DIC benefit payable to the surviving child for the month in which he or she reaches age 18 is to be reduced by the amount of the dependent's allowance. Please state your organization's position on these two provisions.

Answer. The first proposal which would place a limitation on the amount of retroactive benefits payable to a veteran's surviving child whose eligibility for DIC benefits becomes established at a time later than the eligibility of the veteran's other surviving child or children was established, will afford a certain degree of financial security to a veteran's surviving spouse and dependent children who have initially established eligibility. While PVA has no official position on this proposal, if the intent is to protect the spouse and eligible dependents from a prolonged loss of benefits due to a subsequent claim by a dependent, PVA supports the proposal. The potential presently exists whereby a dependent from outside the veteran's household can establish eligibility at a time considerably after the veteran's death and his retroactive benefits are taken from the benefits of those dependents who initially established eligibility.

The proposal, if enacted, would create an inequity to the dependent who subsequently becomes eligible. However, it would alleviate the potentially greater inequity of reducing DIC benefits of the dependents who had previously established eligibility in order to offset the retroactive benefits.

The second proposal would eliminate the present payment of a double monthly benefit. PVA does not oppose this adjustment, however, we believe that the monthly payment should not wholly be made to either the surviving spouse or dependent. It would be most reasonable to prorate the monthly payment between the surviving spouse and the dependent based on the day of birth. This prorated payment system is already utilized in certain benefits programs.

Chairman SIMPSON. John Fales, please?

Mr. FALES. Mr. Chairman, I appreciate the opportunity to appear before this distinguished committee and I would like to thank you and the entire committee for introducing Senate Joint Resolution 64—which would make August 13, 1981, National Blind Veterans Day.

Chairman SIMPSON. It's a distinct pleasure to do that, I assure you.

Mr. FALES. Sir, on my right is the distinguished acting executive director, Sumner Vale, of the Blinded Veterans Association.

Chairman SIMPSON. He gave you a curious look when you said that.

Mr. FALES. Sir, I would like to say that the Blinded Veterans Association fully supports Senate bill 917 which would increase the compensation to 11.2 percent. We would hope, however, that if the CPI does increase, that you would take that into consideration.

We want to thank you for introducing S. 1315 and as I noticed today in the testimony of the Veterans' Administration and American Legion and VFW, I thank them for their support of this viable legislation. It's beyond our comprehension how an individual, a single—married blinded veteran can have his pension reduced for the only reason being—is because he's seeking independence at a blind rehab center.

We urge that we help this individual get back to become a productive member of society and by passing this legislation we know that will happen.

We also support S. 779 which is the comprehensive memorial bill—I'm sorry—the dots are wrong—S. 479—a memorial bill—and I think it's essential that an individual who donates his body to help our country and our society in the research, they should have a memorial and they should not be criticized or injured by this.

We also are strongly in favor of S. 1316. It's essential that veterans have every opportunity to own their own home. That's the American dream and we strongly urge the passage of S. 1316 and have that veteran own his own home.

We also support raising the grant from $30,000 to $35,000—adaptive housing and that's the end of my comments.

Chairman **Simpson**. Thank you very much. John, you are always a very fine representative of your organization in presenting legislative programs for the Blinded Veterans Association.

[The prepared statement of John Fales, Jr., and the Blinded Veterans Association's response to a written question submitted by Hon. Alan Cranston, ranking minority member of the Committee on Veterans' Affairs, follow:]

BLINDED VETERANS ASSOCIATION
1735 DeSALES STREET, NORTHWEST • WASHINGTON, D. C. 20036 • (202) 347-4010

PREPARED STATEMENT OF

JOHN FALES, JR., EMPLOYMENT DIRECTOR

BEFORE

COMMITTEE ON VETERANS' AFFAIRS, U. S. SENATE

June 11, 1981

Thank you Mr. Chairman and members of the Committee for this opportunity to present the views of the Blinded Veterans Association on the legislative bills being considered this morning.

First, I would like to comment upon S. 917, introduced by Chairman Simpson, which would provide for an 11.2% increase in compensation and DIC payments to offset the loss of purchasing power made by inflation since last October.

The position of the BVA is, and always has been, that compensation and DIC benefits should be adjusted to reflect the actual increases in the Consumer Price Index. We know that it is difficult, if not impossible, to know exactly what that change will be. The 11.2% increase is based upon the CPI increase through May 1981. We certainly hope, as do all Americans, for the end of inflation. However, we still have it with us and the chances are that the CPI increase between last September and this October will be higher than 11.2%. Therefore, while we have no objection to S. 917 and its 11.2% increase, we urge the Committee to set the final increase as close as possible to the exact change in the CPI which has occurred during the fiscal year.

I want to express the appreciation of the Blinded Veterans Association to Chairman Simpson for his introduction of S. 1315. This bill would remove an existing disincentive for unmarried non-service-connected blinded veterans to attend blind rehabilitation centers and clinics. Under present law (Section 3203, Title 38), these veterans are subject to having their pensions reduced to $60 while attending the rehabilitation courses at these centers and clinics if the training period exceeds three months. The very fact that these veterans are receiving pensions indicates that they are at a very low income level. The reduction in pension creates a great hardship upon these veterans who still have fixed expenses such as rent, while attending the centers and clinics.

It is ironic that section 3203 affects only unmarried veterans because it is these veterans who, in many cases, have no one to help them with their fixed expenses. Thus, the prospect of having a vital source of income sharply reduced is a source of anxiety which often impedes the rehabilitation process and, in some cases, dissuades the veteran from seeking rehabilitation at all.

The VA has at times asserted that the problem is not serious because they are able to get most blinded veterans in and out of a rehabilitation program before their benefits are reduced. Their present policy is to admit a blinded veteran to a BRC early in the month so that he can receive the maximum amount of training available under the law before his benefits are cut.

What this means is that admission to a BRC or clinic is often delayed for a month or longer, until the veteran can enter on the date specified by the VA. With the number of blinded veterans waiting to receive rehabilitation at almost 200, not including clinics (as of February, 1981) and the wait averaging four months and sometimes as long as ten, this practice does as much harm as good to the blinded veteran population as a whole.

Another practice the VA sometimes employs is to discharge a blinded veteran from a BRC shortly before his benefits would be reduced and readmit him later. The veteran is sent back to his community before his rehabilitation training is complete. This sometimes results in a blinded veteran reverting to old habits or losing confidence, and when he is eventually readmitted, he has to make up for lost ground. Thus, not only is the veteran adversely affected , but the VA must pay for increased travel costs.

Furthermore, while it is true that the average length of stay at the three BRC's is less than the maximum amount of time that a veteran can stay at a BRC before his benefits are reduced, this comparison ignores the fact that "average" means that there are many veterans whose length of stay is longer than the figure the VA usually quotes. Many of these veterans stay long enough to lose benefits, especially those attending clinics, as their stays tend to be much longer.

In hearings held almost a year ago the VA agreed that a change is necessary and subsequently determined that it could be made administratively. However, the change has not been made. We therefore believe that it must be done legislatively and strongly urge the passage of S. 1315.

I will now address the other bills being considered this morning.

Both S. 112 and S. 779 would provide appropriate memorials in national cemeteries for veterans whose remains were not available for burial. S. 779 is the more comprehensive of the two and the Blinded Veterans Association supports it and recommends its passage.

S. 1316 would authorize the Administrator of Veterans Affairs to guarantee home loans with provisions for graduated payment plans. The Blinded Veterans Association has for many years voiced its concern over the high housing costs, high interest rates and the difficulties in securing home loans faced by disabled veterans living on fixed incomes. We welcome any steps made which lead to these veterans being able to more easily purchase homes. I would also like to take this opportunity to reiterate our position contained in our legislative program presented earlier this year to this committee.

We urge that legislation be passed which would allow the Administrator to provide low interest home loans to totally disabled veterans. The current high interest rates of FHA, conventional and VA regular mortgages preclude most disabled veterans from ever being able to purchase a home.

We also support S. 415 which would raise the adaptive housing grant for certain disabled veterans to $35,000 from the current $30,000.

While we have no specific comments or recommendations on other bills being considered today, we have no objection to their passage.

Mr. Chairman, and members of the Committee, I want to thank you for the opportunity of appearing before you today to express the views of the Blinded Veterans Association. I will be happy to answer any questions you may have.

RESPONSE OF THE BLINDED VETERANS ASSOCIATION TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE COMMITTEE ON VETERANS' AFFAIRS

Question. S. 917 contains two provisions that have been proposed by the VA in the past but which this Committee has not approved on the grounds that they are inequitable to certain dependents. One provision would place a limitation on the amount of retroactive benefits payable to a veteran's surviving child whose eligibility for DIC benefits becomes established at a time later than the eligibility of the veteran's other surviving child or children was established. The second provision would provide that, where a surviving spouse is a DIC recipient receiving a dependents' allowance for a child and the child becomes entitled to DIC when he or she reaches the age of 18 and is attending school, the DIC benefit payable to the surviving child for the month in which he or she reaches age 18 is to be reduced by the amount of the dependent's allowance. Please state your organization's position on these two provisions.

Answer. The first provision (sec. 204 of S. 917) would eliminate the overpayment created presently when the entitlement of an additional child to DIC is established retroactively. The proposed change would limit the amount of the retroactive payment to the difference between the amount which should have been paid and that which was actually paid. It is understood that presently the additional child is paid an equal share of the full retroactive amount which results in an overpayment having been made to the other children.

It does appear that the proposed change would be inequitable particularly in the case of multiple families surviving a veteran. Through no fault of his or her own, an eligible child may not have learned of the death of the veteran. When the child does learn of the death and applies for the DIC, the child would be penalized by receiving less than a fair share for the retroactive period. At the same time, the other surviving children would have received more than their fair shares of the amount which would have been paid if the eligibility of the additional child had been established at the outset.

The second provision (sec. 205 of S. 917) would also eliminate an overpayment created when a child for which a surviving spouse is receiving an additional DIC award begins to receive the supplemental DIC award by reason of becoming 18 while attending school. It is understood that presently both the child and the surviving spouse receive the full payments for the month in which the child becomes 18. The proposed change would reduce the amount of the child's payment by the amount paid to the surviving spouse by reason of the child being a dependent under 18, for that 1 month.

Although it can be argued that there would be a certain inequity under the proposed change as compared to the present practice, it would be for only that 1 month, and in most cases the payments are being made within the family.

The Blinded Veterans Association does not take a strong position on either of the above proposed changes. However, it will go on record as follows: (a) Section 204 of S. 917—against; (b) Section 205 of S. 917—for.

Chairman SIMPSON. Bill Fisher, please, Veterans of World War I?

Mr. FISHER. Mr. Chairman, we are grateful for the opportunity to appear before this committee to explain the general compensation needs of our aged group. I will, however, address only generalities and not specifics in view of our declining numbers in our aging day-by-day survival needs.

We World War I veterans and widows do appreciate the efforts of your committee. In checking the VA report of January 1981 on service-connected disability compensation, we note that of the estimated total of about 432,000 veterans of World War I now living, only about 30,000 or less than 14 percent were drawing compensation for service-connected disability.

Further, of that 14 percent rated as being entitled to compensation, only 2,887 are drawing total disability. But in my visits across the Nation to all parts of America, I find that about 4 out of 10 or 41 percent are either bedfast, housebound, or mentally unable to take care of themselves because of age.

The point we wish to make is that if being unemployable is a factor in determining compensation and we think it should be a factor, then age should also be a factor because it is directly related to employability.

There has been a reluctance to separate veterans according to wars. But we World War I veterans have never accepted that principle. The veterans of World War I are of another age apart from all previous wars. Seventy-one percent of our veterans came from the farm, and I guess you all realize we were an agricultural nation back in 1917 and 1918.

The average education was limited to the sixth grade. Mostly volunteers or citizen soldiers when the war was won, we grabbed our discharges and the $60 clothing allowance, we proudly called it "a deal." Veterans of all previous wars received equity pensions, including the much dramatized Indian fighters. We were left to shift and to sell apples.

There were no VA hospitals when we returned; just informal medical inspection and then we were citizens again. Little did we realize that many had been exposed to mustard gas which would years later cause lesions in the lungs ending in TB.

Little did we know that just as we were getting established in business or adopted to our jobs or back to the farm, that the Great Depression would clean the slate and make us begin all over once more.

When social security became law, we were too near retirement age to earn an adequate retirement benefit and to compound that injustice, inflation reduced the value of our services and savings to a small part of what we had saved.

It was our privilege to promote the GI Bill and though we could not ourselves qualify for its benefits.

You have heard these facts recited before. But we restate them to support our contentions that only the small percentage of our remaining World War I veterans receive attention.

We further request that a widow of veterans of World War I be awarded the same amount of compensation her husband received at the time of his death without the necessity of proving his death was due to service-connected disability.

Although we realize our presentation does not adequately cover the specific questions this morning, due to our special needs in the aging sector, we again thank you for the opportunity to state our overall case before your Committee.

Now, Mr. Chairman, there is no time left, but if there were, I was going to——

Chairman SIMPSON. One minute——

Mr. FISHER. One minute? I will dedicate this minute and pass it over to those veteran organizations like The American Legion and the VFW and the DAV and Mr. Brinsky of AMVETS who have figuratively and realistically been taking we World War I veterans under their wings. Thank you.

Chairman SIMPSON. Thank you, sir

[The prepared statement of William G. Fisher follows:]

PREPARED STATEMENT OF WILLIAM G. FISHER, NATIONAL COMMANDER, VETERANS OF WORLD WAR I, UNITED STATES OF AMERICA, INCORPORATED

Mr. Chairman and Members of the Committee:

I am William G. Fisher, National Commander of the Veterans of World War One of the U.S.A., Inc., and I am grateful for the opportunity to appear before this Committee to explain the special compensation needs of our group.

In checking the V.A. report of January 1981, on Service-Connected Disability Compensation, we note that of the estimated total of about 432,000 veterans of World War One, only 30,730 or less than 14.6% were drawing compensation for service-connected disability.

Further, of that 14.06% rated as being entitled to compensation, only 2,887 are drawing total disability. But, in my visits to all parts of America, I find that about four out of ten or 41% are either bedfast, house-bound, or mentally unable to care for themselves because of age.

The point we wish to make is, that if being unemployable is a factor in determining compensation and we think it should be a factor, then age should also be a factor, because it is directly related to employability.

There has been a reluctance to separate veterans according to wars. But, we have never accepted that! The Veterans of World War One are of another age, apart from all previous wars. 71% of our Veterans came from the farm (we were then an agricultural nation in 1917-1918); the average education was limited to the 6th grade. Mostly volunteers, or citizen soldiers, when the war was won, we grabbed our Service Discharges, and $60.00 clothing allowance, and proudly called it "a deal". Veterans of all previous wars received equity pensions, including the Indian Fighters. We were left to shift and sell apples.

There were no V.A. Hospitals; just an informal medical inspection which would show no loss of arms or legs and we were civilians.

Little did we realize that many had been exposed to mustard gas which would years later, cause lesions in the lungs, ending in T.B.

Little did we know that just as we were getting established in business or adapted to our jobs, that the Great Depression would clean the slate and make all begin over, once more.

When Social Security became law, we were too near retirement age to earn an adequate retirement benefit and to compound that injustice, inflation reduced the value of our savings to a small part of what we had saved.

It was our privilege to promote the G.I. Bill, though we could not ourselves qualify for its just benefits.

You have heard these facts recited before. But, we restate them to support our contention that the small percentage of our remaining War One Veterans receive attention.

We ask that all World War One Veterans with service-connected disability rating be given compensation at rates no less than the rates provided in P.L. 95-588.

Secondly, we request that a World War One Veteran's widow be given the same base of support under P.L. 95-588 as a veteran of that war.

As you know, a veteran of World War One with no dependents has, since June 1, 1980, had as a base, $5,466.00. But, a widow is only assured as income of $2,989.00.

There maybe some justification for these rates for widows who are employable. But, when you consider that the average age of our widows is at present over 80 years, the above sum not only is unrealistic, but cruel!

We further request that a widow of a veteran of World War One be awarded the same amount of compensation her husband received at the time of his death, without the necessity of proving his death was due to a service-connected disability.

We refuse to accept the plea that there are no funds, when we consider that the proposed budget contains billions for space exploration, billions for transportation, plus the billions that have been requested for foreign aid; and the excuse that this proud wasteful nation cannot afford to care for its needy defenders, has become too threadbare to consider. It is merely a matter of priorities.

Although we realize our presentation does not cover adequately the specific Bills in question, due to our special needs in the Aging sector, we again thank you for the opportunity to state our overall case before your Committee.

WILLIAM G. "BILL" FISHER
NATIONAL COMMANDER
VETERANS OF WORLD WAR ONE

Chairman **SIMPSON**. A few questions. As you heard from some of the other witnesses, there are some who object rather strongly to expanding VA benefits to surviving spouses, even in very limited cases. I would appreciate having your comment on S. 911 which would provide a special pension for surviving spouses of Medal of Honor recipients and on S. 1317 which would allow spouses—surviving spouses over the age of 62 to remarry without losing their DIC benefits. Be a bit more specific on that, if you would care to?

Mr. **FISHER**. Well, I certainly agreed with the testimony this morning from John of the American Legion that to give added compensation to the Medal of Honor winners would really take away the glory of the award itself. Now, that's personal, I hadn't thought it out before.

Your question about widows remarrying, is that it?

Chairman **SIMPSON**. Yes.

Mr. **FISHER**. I haven't given that thought. We do realize that we are still giving compensation to Civil War widows, I understand, the few left, and a great many of the—and we found that some of the Civil War widows at the age of 14 and 15 did marry Civil War veterans possibly because there was a pension involved and we would not want anything like that happening in our case of World War I veteran widows. Simply stated, the VWWI 1980 National Convention mandate H.R. 1918 calls for a pension for both veterans and widows.

Chairman **SIMPSON**. Thank you.

Mr. **FALES**. Sir, the Blinded Veterans Association has no objection to this legislation—proposed legislation. As you know, the Blinded Veterans Association fully supports the increase of DIC payments for widows—and to disabled veterans——

Chairman **SIMPSON**. Do you have any comment on that, Mr. Mansfield?

Mr. **Mansfield**. Mr. Chairman, I think I indicated in my opening remarks that PVA supports the legislation proposed in the DIC increase and also in S. 1317 and if I may, Mr. Chairman, the light was on yellow when I stopped——

Chairman **Simpson**. Oh, you've gained some time—all right, go ahead.

Mr. **Mansfield**. Just for the record, sir, I'd like to state that Paralyzed Veterans of America does support the intent and passage of legislation proposed in S. 1297, S. 1315, S. 1316, and S. 1317. Thank you.

Chairman **Simpson**. Fine, thank you, that's helpful to have that and we appreciate it.

Just a couple of more. The DAV on page 12 of its testimony suggested that there be an extension to the proposed raise in the VA's specially adapted housing grant. That was S. 415, Senator Cranston's, to include blinded veterans and those with loss of or loss of use of both upper extremities.

Public Law 96-466 which was enacted in October of 1980 established the $5,000 award for specifically, or for specially adapted housing to those two categories of veterans. Since that law has been in effect for less than a year, we might venture to say that the original amount budgeted for that grant may be sufficient at this time.

I would ask you, John, if you have any information to provide the committee concerning this issue, are there any statistics which show the number of grants awarded at this time, statistics that your organization might maintain?

Mr. **Fales**. Sir, nothing from nothing leaves nothing. What's happening, sir, is that since this legislation was passed 10 months ago, there hasn't been one grant that the blinded veteran has obtained. In fact, the Veterans' Administration just began to issue a new form that would help us get it.

I personally have put in for it and it's taken me now 10 months. The contractor—I guess it's $5,000—and I'm sure it's gone up with the inflation rate, it's gone up at least another $1,000 since putting in for this grant. I guess it will be another 3 months before work can actually be done on the house.

So I think it's essential that we do have an increase, I believe $850, I don't know where the DAV came up with that figure. I would like to know, but I would suggest if you do increase it, would you make it retroactive? I'd hate like heck to spend the $5,000 and then know that I could have gotten another $350 a month later.

Chairman **Simpson**. I appreciate that. The committee will pursue that and you will be assured that the intent of that original law is played out in the way that Congress had in mind—and thank you so much. I appreciate the testimony of all of you and thank you for taking the time to do that.

The next panel is Max Beilke, the legislative counsel of the National Association of Uniformed Services; and Jean Arthurs, president of the National Association of Military Widows; Myrna Olsen, chairman of the legislative liaison, Committee of the National Military Wives Association, and John Wanamaker, commander, U.S. Navy, Retired Officers Association.

TESTIMONY OF A PANEL CONSISTING OF: MAX J. BEILKE, LEGISLATIVE COUNSEL, NATIONAL ASSOCIATION OF UNIFORMED SERVICES; JEAN ARTHURS, PRESIDENT, NATIONAL ASSOCIATION OF MILITARY WIDOWS; MYRNA OLSON, CHAIRMAN OF THE LEGISLATIVE LIAISON COMMITTEE, NATIONAL MILITARY WIVES ASSOCIATION, INC.; AND JOHN F. WANAMAKER, ASSISTANT DIRECTOR, GOVERNMENTAL RELATIONS, RETIRED OFFICERS ASSOCIATION

Mr. BEILKE. Thank you, Mr. Chairman. I welcome the opportunity to present the views of the National Association for Uniformed Services to this distinguished panel.

There are two aspects of the DIC program that I will touch upon briefly. One is the remarriage of the DIC widow after age 60 or 62, whichever age you decide on, without the loss of benefits and the other is the criteria upon which the DIC benefit is based.

Public Law 96–402 extended authorization of the military survivor benefit plan to all widows of veterans who died on active duty prior to September 21, 1972, and who had completed 20 years of that service at the time and were retirement eligible.

Therefore, these widows who had remarried after age 60 and had lost their DIC benefits were now able to go back and get SBP benefits. My point is, Congress has provided for the SBP widow who remarried after 60, but they have yet to provide for the DIC widow.

Further, the widows we are addressing here today are elderly, they're up in years. Widows in all likelihood are not affluent and the prospect of finding an affluent spouse is not great. In many cases, faced with the loss of DIC, the widow opts not to remarry and continues her lonely existence or forgoes the marriage ritual and lives with her friend.

If this live-in arrangement takes place, the Government saves nothing. They might just as well let them get married.

Statistics available from the Veterans' Administration states that we have approximately 235,000 DIC recipients. Of the widows that I have shown in my testimony, I have arbitrarily subtracted the widows who are also drawing aid and attendance or housebound benefits because I feel that the possibility of their remarriage is almost nil.

And it's important to note, I feel, that the majority of our DIC widows, 67 percent of them, were wives of enlisted people in the grades E–1 through E–6 and that 80 percent of all DIC widows are widows of enlisted men. The remarriage rate of widows in age 65 and above is from the best statistics I could find about 2.4 per thousand.

So our remarriage rate is not going to be that great. Therefore, our cost is not going to be that great. I think it's also important to take a look at the fact that while the remarriage rate is 2.4, the death rate of widows in this same age group is 4 to 10 times higher.

Therefore, any cost is going to be a diminishing cost. Under the assumption that, I pray, we do not have another war we're not going to have a great influx of DIC widows.

The other aspect of the DIC program that I want to touch upon briefly is the fact that DIC is the only benefit administered by the Veterans' Administration that is based solely on military grade.

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We feel that there is some justification for this criteria, however, we feel it is too restrictive.

We believe that we should also include such things as the length of service, the circumstances under which the serviceman died, and things of that nature.

Therefore, in the interest of time, Mr. Chairman, I will conclude my statement and be open for questions at the very end. Thank you.

Chairman SIMPSON. Thank you very much.

[The prepared statement of Max J. Beilke follows:]

Prepared Statement of

Max J. Beilke
Legislative Counsel

The National Association for Uniformed Services

Before the

Committee on Veterans' Affairs

U.S. Senate

June 11, 1981

Hearings On S. 917, S. 779 & S. 1317

Mr. Chairman, and members of the Committee, I welcome the opportunity to present the views of the National Association for Uniformed Services to this distinguished panel.

The National Association for Uniformed Services (NAUS) is unique in that our membership represents all ranks of career and non-career service personnel and their wives and widows. Our membership includes active, retired, and reserve personnel of all seven uniformed services: Army, Navy, Air Force, Marines, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration. With such a membership, we are able to draw information from a broad base for our legislative activities.

There are two aspects of the Dependency and Indemnity Compensation (DIC) program upon which I will briefly touch. One is remarriage of the DIC widow after age 60 without loss of benefits and the other is the criteria upon which the amount of DIC benefit is established.

Widows in receipt of Uniformed Services Survivor Benefit Plan (SBP) benefits do not have their benefits terminated if remarriage takes place after age 60. Widows in receipt of SBP and DIC are prohibited by law from receiving both benefits. If such is the case, the SBP benefit received from the appropriate service finance center is reduced by the amount of DIC received from the Veterans Administration (VA). If a remarriage occurs after age 60, and the DIC terminated, the SBP is readjusted upward by the appropriate service finance center to include the amount of DIC that had been previously deducted. Therefore, the level of income remains constant except for federal and state income taxation, if appropriate.

A military retiree may elect to receive reduced retired pay to provide SBP coverage for his widow. If the retiree's death resulted from a VA rated service-connected disability, the widow is eligible for DIC. Such widow's are refunded that portion of the deceased spouse's retired pay which had been deducted to cover the SBP cost of the coverage which the widow will not receive because of the DIC offset. If this widow remarries after age 60 and loses DIC, she may repay the amount refunded and receive the original SBP benefit her spouse elected at time of retirement.

The scenario for the widow of the veteran who dies on active duty varies. If the veteran died before completing 20 years of service, the widow is eligible for DIC, but not SBP. If the veteran died after completing 20 years of service, and was thus retirement eligible, the widow is eligible for both SBP and DIC, however her benefits are integrated as previously outlined. If this widow remarries after age 60, the DIC benefit is terminated and SBP is readjusted to its full amount, 55 percent of the spouse's military base pay. I must point out, only retirees pay for SBP coverage, active duty people do not.

PL 96-402 extended authorization of PL 92-425 in granting SBP to all widows of veterans who died on active duty prior to September 21, 1972 and who had completed 20 years of service and were retirement eligible. Therefore, these widows who have remarried after age 60 and have lost their DIC benefits may now apply and receive SBP benefits. The point is, Congress has provided for the SBP widow who remarries after age 60 but, as yet, not for the DIC widow.

I am aware of the two general arguments against allowing continuation of DIC benefits.

The first is that veterans' programs are to assist the citizen soldier who serves his country in time of peril. If this citizen soldier loses his life serving his country, the DIC benefit is designed to partially fill this void for the widow. If the widow remarries, the argument is, her new husband should take over the support role formerly borne by the federal government. This argument is blunted by the fact that should this remarriage be terminated by death or divorce, the DIC benefit can be reinstated. Why should the second, or third, or even later husbands only be responsible for this support while he is alive? Conceivably, a DIC widow can remarry at a young age, early twenties, be married for fifty years and have that remarriage terminated by the death of her second spouse. At that time, she can have her DIC payment reinstated.

Further, the widows we are addressing here today are over 60 years of age. These widows in all likelihood are not affluent. The prospect of finding an affluent spouse is not great. The point is, these widows have a financial need. In many cases, faced with the loss of DIC, the widow opts not to marry and continues her lonely existence, or forgoes the marriage ritual and lives with her "friend." If this live-in arrangement happens, the government saves nothing. They might just as well let them get married.

The second argument is cost because of the fear that large numbers of DIC widows will immediately remarry.

I do not believe we are talking about a large number of widows that will remarry. How many widows can one expect to remarry after age 60, especially if they have been widowed 20, 30, or more years? I believe very, very few.

Statistics made available to NAUS by the Veterans Administration indicate that as of December 31, 1980 there were 235,485 DIC recipients. It should be noted that 203,263 are widows without children. These 235,485 DIC recipients do not include any widow who is also in receipt of Aid and Attendance or House Bound benefits. I have arbitrarily excluded these widows from my figures because I believe their possibility of remarriage is almost nil.

The following is a chart, by grade of deceased, of DIC widows:

GRADE OF DECEASED	DIC RECIPIENTS	PERCENT OF TOTAL RECIPIENTS
E1-E3	88,032	37
E4-E6	69,943	30
E7-E9	29,567	13
W1-W4	4,704	2
O1-O3	20,100	9
O4-O6	22,093	9
O7-O10	928	
Undertermined	118	
TOTAL	235,485	100

It is important to note that the majority (67%) of all DIC widows are in the E1-E6 category and that 80% of all DIC widows are widows of enlisted men. One unknown factor with these figures is the number of eligible SBP widows receiving DIC benefits. Remarriage of these widows, as stated before, only transfers payment of benefits from VA channels to Department of Defense channels.

It is also important to look at statistics concerning the graphics of the total widow population of this country. The following statistics are taken from page 52 of the "Statistical Abstract of the United States" 1979 edition published by the Bureau of Census, U.S. Department of Commerce. The 1978 figures completed by the Bureau of Census indicate 33.3% of all widows are age 65-74 and over, 34.9% are age 75 and over. Applying these percentages to DIC widows, 78,417 are age 65-74 and 82,184 are over age 75.

The next factor to be considered is the remarriage probabilities. The Bureau of Census figures show that for every 100 widowers age 65-74, there are 573 widows. For every 100 widowers age 75 and over, there are 498 widows. These figures clearly illustrate the low probability of remarriage for widows over age 65. In fact remarriage of all women of any age, widows and divorcees combined is only 532 per 1000.

A report titled, "Older Women: The Economics of Aging" published by the Women's Studies Program and Policy Center at George Washington University refined the remarriage rate in terms of widows and widowers. Page 5 of that report has a paragraph which reads:

"One factor accounting for the higher proportion of widows than widowers is the higher remarriage rates of widowers, who often marry women under 65. Comparing the marriage rates of males 65 and over with those of females, the annual marriage rate (per 1,000 persons) for females 65 and over was 2.4, while for males, it was 16.7. These figures indicate that older men are seven times more likely to remarry than women. The higher remarriage rate of widowers is the result of social norms supporting marriage to younger women and discouraging the opposite, and the surplus of women in the marriage market."

The following chart was compiled by applying the Census Bureau's age percentage to the DIC population grade of deceased as shown previously:

GRADE	TOTAL DIC RECIPIENTS	AGE 65-74 (33.3%)	AGE 75 AND OVER (34.9%)
E1-E3	88,032	29,315	30,723
E4-E6	69,943	23,291	24,410
E7-E9	29,567	9,846	10,319
W1-W4	4,704	1,566	1,642
O1-O3	20,100	6,693	7,015
O4-O6	22,093	7,357	7,710
TOTAL		78,068	81,819

Using the age figures in the previous chart and applying the 2.4 per 1000, widows over age 65 remarriage factor, the following chart has been compiled:

GRADE	AGE 65-74	WIDOWS EXPECTED TO REMARRY	AGE 75 & OVER	WIDOWS EXPECTED TO REMARRY
E1-E3	29,315	70	30,723	74
E4-E6	23,291	56	24,410	59
E7-E9	9,846	24	10,319	25
W1-W4	1,566	4	1,642	4
O1-O3	6,693	16	7,015	17
O4-O6	7,357	18	7,710	19
TOTAL	78,068	188	81,819	198

Cost of any legislative change is always a factor. Using the expected number of widows who will remarry, the above chart with estimated costs follows:

GRADE	AVERAGE ANNUAL DIC RATE	AGE 65-74 REMARRIAGE RATE	ANNUAL COST	AGE 75 & ABOVE REMARRIAGE RATE	ANNUAL COST
E1-E3	$4,584	70	$ 320,880	74	$ 339,216
E4-E6	5,160	56	288,960	59	304,440
E7-E9	5,628	24	135,072	25	140,700
W1-W4	5,976	4	23,904	4	23,904
O1-O3	6,024	16	96,384	17	102,408
O4-O6	7,272	18	130,896	19	138,168
TOTAL		188	996,096	198	$ 1,048,836

The main focus on this cost chart must be on the 65-74 age group. The number of widows age 75 and over that would remarry is believed to be so few, that it is hardly worth the time to consider a cost factor.

NAUS believes these figures clearly demonstrate that we are not faced with an exceedingly high number of widows who would remarry or an exorbitant cost. Not to be overlooked that while the remarriage rate is 2.4 per 1000, the death rate for females age 65 is 9.29 per 1000. This rate climbs to 22.26 at age 74.

NAUS fully understands and concurs in the need for controlled budget spending. With this in mind, NAUS could support a compromise proposal to allow those DIC widows age 65 and over to remarry without loss of benefits. This compromise, in view of the increased effort to raise the retirement age before social security benefits are payable, or to lower amount of social security benefits at age 62 may be even more appropriate.

The next portion of my testimony concerns the criteria upon which the amount of DIC benefit is based.

Dependency and Indemnity Compensation (DIC) is the only benefit administered by the Veterans Administration (VA) that is based solely upon military grade.

While there is some justification of this criteria, NAUS does not believe military grade should be the sole factor in determining the amount of benefit paid. We believe the criteria for determining rate of compensation should be broadened to also take into consideration such things as length of service at time of death, whether death occurred while the veteran was on active duty or retired, or in the reserves, whether death was service-connected or non-service-connected, and whether death was sustained in a combat or non-combat situation.

Basing compensation strictly on military grade is too restrictive. It is unfair to authorize identical payments to one widow whose spouse was killed in combat and to another widow whose spouse died years after retiring for length of military service. Retirees who die 20 to 30 years after retiring for length of service have had adequate time to prepare their estates and establish plans to take care of their survivors. Surely their spouses do not have the same financial problems as those of widows of young men that have not had the time or money to take care of their survivors. These young men usually leave not only a wife but also young children.

In addition, VA compensation payable for loss of an eye, hand, foot or leg is based on the loss of that part of the body. Not on the individual's military grade or rank. VA payments to surviving children, housebound survivors, payments for special clothing or automobile devices are not based on military grade, nor is eligibility for education or home loans. Yet when determining payment for the loss of the one thing most cherished, life itself, compensation is according to grade. NAUS believes DIC compensation should be determined by more than just military grade.

Further, some veterans receive more in disability compensation than his widow will receive for his loss of life. As an example, compensation for a service-connected disability rated 70 percent is $434 a month. Upon death, if service-connected, the widow whose husband was in grades E1 through E5 will receive less than that amount, all others receive more. If death is not service-connected, the widow,of course, receives nothing. Total disability has a compensation rate of $1,016. Upon death, DIC payments drop to $373 for an E1's widow to $954 to an O10's widow. This difference in spite of the fact these two individuals could have received their disability in the same accident and died of identical causes.

There is little argument that length of service, and rank should be compensated for in some manner. I suggest that a workable alternative would be compute DIC payments based on an equal base amount for all beneficiaries, plus an additional amount based on rank, years of service, cause of death, etc. Future adjustments to these benefits, whether by automatic adjustments or congressional action, would be applied only to the base amount. This would prevent the extension of benefit variance now experienced under the current system of applying across-the-board cost-of-living adjustments to DIC.

In addition, whereas the service-connected disabled veteran may be exempt from being assessed such things as property tax, vehicle registration fees, and sundry other items, the widow is not. Many widows are not only faced with a drastic decrease in income upon the demise of their disabled spouse, but are faced with an increase in expenses.

The President's Commission on Pension Policy estimated that a surviving spouse needs two-thirds to three-fourths of the couples previous income to maintain a similar standard of living. This does not hold true when comparing some of the DIC rates to total disability compensation rates. We cannot overlook the fact that some widows spent a major portion of their married life caring for a totally service-connected disabled spouse.

Finally, I want to express my Associations support of legislation to provide memorial headstones commemorating veterans who are buried at sea, who have donated their bodies to science or who are cremated and have their ashes scattered rather than interred. It is unthinkable that this great nation would not want to provide a memorial headstone for one of our Medal of Honor recipients simply because of their election to be buried at sea, or the donation of their body to science to further help mankind or exercise their option for cremation and scattering of the ashes rather than have them interred.

This concludes my statement. I stand prepared to address any questions you may have.

Chairman SIMPSON. Jean Arthurs, please?

Ms. ARTHURS. Thank you, sir, it's very nice to be here today and I appreciate the privilege of appearing before this committee to present the views on dependency and indemnity compensation of the surviving spouses who will be affected by this legislation.

I have submitted my written testimony so I shall just address a few remarks at this time.

The 11.2 percent cost-of-living increase will certainly help financially as the widows face the struggle for survival.

I think it's time to give you a short preview of the DIC widow. Dependency and indemnity compensation is based upon the Government's obligation to provide for the surviving spouse a support substitution in exchange for the serviceman giving his life or his health for our country. This means the serviceman was killed on active duty or died of service-connected causes which indicates the widow was forced to cope with the sudden tragic loss of the breadwinner, or, with caring for a disabled veteran until his death, and then trying to exist on about one-fourth of his basic income.

DIC, you know, is the only annuity that the longer the serviceman served and the higher in rank he went, the less in percentage he receives. My mail is turning into horror stories of no hope as inflation and condo conversions uproot these people with no place to go. Civil service widows in like circumstances fare much better. The National Association of Military Widows would like to see a more equitable solution since both share the same paymaster and should receive equal benefits.

I wish to thank you, sir, for introducing S. 1317 to amend title 38 of the United States Code to provide for the remarriage of a widow of a serviceman who died on active duty or of service-connected causes, after the age of 62 shall not result in the termination in dependency and indemnity compensation.

The military survivor benefit plan was enacted in 1972 and it allows widows to remarry after age 60 and retain the SBP annuity. Further, as part of the SBP, if she is receiving DIC which she will lose through remarriage, the DIC loss is made up by full SBP to 55 percent of the retirement pay.

The FECA, the RSFPP, allow remarriage after age 60 with retention of benefits. Social security allows remarriage at age 62 on the premise that it alleviates the necessity of "living in sin" since so few retirees can now afford to remarry on one retirement income.

Due to inflation and the condo conversion problems, the moral factor is still very important to these people and their families and should be considered carefully by this committee. The DIC widow is the only category of Federal widows who are deprived of their benefits if they remarry at age 60.

In the interest of equity for all Government widows, this oversight must be corrected. These gallant widows are facing the hardships of spiraling inflation, the loneliness of old age, all alone, without homes, and as apartments become condominiums, the fears and the uncertainties of a spartan existence.

How can this country in good conscience turn its back on these women and still spend millions of dollars on SSI payments to aliens who come to our shores and who have contributed nothing, nothing, either in services or taxes, to the United States?

Surely, this Congress has the compassion to pass S. 1317. I can assure you the cost factor is not worth counting. According to statistics, only 16 in 10,000 widows of all groups remarry after age 60. This is one bill with a diminishing cost factor because by the year 2000, most widows of all wars through the Korean conflict will be deceased.

The Veterans' Administration is on record as supporting this bill. I thank you for allowing me to testify before this distinguished committee and I will be glad to answer your questions.

Chairman SIMPSON. Thank you very much.

[The prepared statement of Jean Arthurs follows:]

PREPARED STATEMENT OF JEAN ARTHURS, PRESIDENT, NATIONAL ASSOCIATION OF MILITARY WIDOWS

I am Jean Arthurs, president of the National Association of Military Widows, and I am grateful for the privilege of appearing before this distinguished Committee, to present the views on dependency and indemnity compensation of the surviving spouses who will be affected by this legislation.

Senator Alan K. Simpson has introduced S. 1317 to amend title 38 of the United States Code to provide that the remarriage of the widow receiving DIC after the age of 62 shall not result in the termination of the dependency and indemnity compensation.

One of the priority legislative goals of the National Association of Military Widows is to seek equity among the Federal survivor benefit programs. By Federal, we mean the military and civil service who share the same paymaster and should receive the same equal benefits. We hope this Congress will see fir to correct the inequities that exist and which have created discrimination within the categories of Federal widows.

The Military Survivor Benefit Plan was enacted in 1972 and it allows widows to remarry at age 60 and retain the SBP annuity. The FECA, the RSFPP, and the social security allow remarriage as a means of permitting the older surviving spouses to live out their lives in comfort and dignity — and legally married — which is still very important to their moral standards. The DIC is the only category of Federal spouses in which they are deprived of benefits if they remarry after age 60. In the interest of equity for all, this oversight must be corrected.

It is well to remember that dependency and indemnity compensation is based upon the government's obligation to provide the surviving spouse a support substitution in exchange for the serviceman giving his life, or his health, for our country. To be a DIC widow means that the serviceman was killed on active duty or died of service-connected causes; whichever, this indicates that the service family lived through a devastating loss and complete upheaval of lifestyle. In many cases the widow had to deal with the disability and give loving care until the death of the serviceman. The government could not buy this kind of care at any price and has, undoubtedly, saved the Veterans' Administration great sums in hospital and domiciliary expense.

The Secretary of the Army stated, " When the government contracts for the serviceman, it really contracts for the entire family unit as it includes ALL OF THE FAMILY IN THE ADJUSTED LIFESTYLE, the 24-hour call, the 'perils and discomforts' with readiness to serve anywhere, to go to hazardous places at a moment's notice." The service wife is expected to be ready to follow her husband to any assignment, or to remain behind cheerfully, and to always be an AMBASSADOR FOR THE UNITED STATES. These women have proven to be some of the best emissaries this country has ever had.

As a widow - the service jacket is closed - and she is expected to drop from view. She is no longer a member of " the service that takes care of its own". Wives of military personnel have little or no opporunity to enter the work force during marriage. The transient life does not lend itself to a second career in the family, thus the military widow could not build either social security or any other type of retirement plan for herself. Low service pay was never conducive to building a financial estate. Yet, it is constantly stated that dependency and indemnity compensation was not intended to be an adequate annuity on which surviving spouses could live, though a great many have no other income. When a husband is killed in line of duty - a sudden tragic situation exists. H ow is a widow supposed to maintain the status quo? She either has children to care for, or if she is work oriented it is not easy to break into the business world at forty - at fifty and sixty, it is impossible. Youth is in - not age. It is ironic that DIC is the only pension program in which the longer the sponser served and the higher the rate or rank attained, the less percentage of pay the widow receives.

The moral factor is very important to consider in this remarriage-after-60 issue. There are few widows who could remarry at this age. Statistics prove that widowers remarry much younger women, and only 16 of 10,000 widows over age 60 remarry. It is necessary to allow the "fortunate few" to live out their lives in happiness and dignity, rather than be forced to "live in sin". Due to the inflationary times, there are few older retirees who can afford remarriage without two incomes to survive. Age forbids seeking employment to supplement the loss of dependency and indemnity compensation. As the condo-conversions take over, many are finding it impossible to keep aroof over their heads, and they are faced with the reality of a barren frightening existence.

DIC averages out to about one-fourth of the serviceman's base pay in most page three

cases. S. 1317 would provide remedial action to retain for surviving spouses, age 62 and over, entitlement to dependency and indemnity compensation at an economic level at least comparable to that which existed prior to the remarriage. Surely this Congress has the compassion to pass S. 1317 and help the token number of DIC widows over 62, who have given so much to this country, to at last find an escape from the lonliness of widowhood into a morally respected way-of-life that just might include a little love and happiness.while alleviating the hardships of the spiraling inflation, condo-conversion, and horrors of a spartan existence.

The cost factor is negligible as so few will have the opportunity to remarry. By the year 2000, with few exceptions, military widows of servicemen through the Korean Conflict era will be deceased.

I thank the members of the subcommittee for allowing me to testify today. I will be glad to anser any questions you may have.

Respectfully,

Jean Arthurs

Jean Arthurs
President
NAMW

Chairman **Simpson**. Myrna Olson, please?

Ms. **Olson**. Thank you. In 1970, the National Military Wives Association, which is comprised of wives and widows whose husbands are serving or have served in the uniformed services, was formed to bring to Congress attention the inequities of the varied compensations received by the widows of service members.

Today, inequities still exist for recipients of federally funded programs. Dependency and indemnity compensation, DIC, is one facet of compensation received by widows of the uniformed services. The premise of DIC, to provide support for the family of the service member should he die of service-connected causes, is naturally of great concern to the service community.

Military service is a hazardous occupation. Only two weeks ago, the Nation was shocked by the aviation disaster aboard the aircraft carrier *Nimitz* where 14 men lost their lives. For the military community, however, this painful disaster was just another page in the huge book of service-connected deaths.

We are constantly aware that accidents will occur whenever men and women work with sophisticated, potentially lethal, material. And everyday our fighting forces train with all the equipment that is necessary to defend this country.

While there is no way that anyone can possibly be compensated for the loss of the family provider, the benefits that those survivors receive are of tremendous importance. While a great deal of consolation can be derived from the knowledge that the serviceman gave his life for the protection of the country, sympathy and pride will not put food on his family's table or shelter over their heads.

Inflation can eat away the purchasing power of any benefit program such as DIC that does not have an automatic yearly cost-of-living adjustment.

Right now, the military community and our Nation face a crisis because the services are not retaining trained personnel and there is a frantic search for the answer to this problem. One portion of the answer may be that service benefits are no longer competitive with the civilian sector or even with other branches of the Federal Government.

While the military may recruit the single man with promises of adventure and travel, it retains a service family that is more concerned with security of income. Studies show that it is often the spouse who is the determining factor in the servicemen's decision to make the service a career.

While Senate bill 917 does help the DIC recipient through increased amounts at all levels, it does not equal the 50-percent income replacement benefit of the Federal civil service program. The committee may be assured that career service members and their spouses are making the comparisons between civil service benefit programs and the uniformed services program and finding the latter deficient.

Although it may seem a small matter, there is also the point of remarriage after age 60. Right now, Federal programs such as social security, military survivors benefit plan, and the civil service survivorship annuity plan have been modified to allow recipients to retain those benefits if remarried after the age of 60.

Surely those service widows in receipt of DIC whose husbands died from causes connected to service for our country should be afforded the same consideration.

We therefore support S. 1317.

NMWA, therefore, urges this committee to make DIC benefits consistent with the original premise—to provide adequate support for the service family and make the program's benefits consistent with those received by other agencies of the Federal Government.

Provide (1) that DIC recipients receive automatic yearly cost-of-living adjustments; (2) that DIC be made comparable to the 50-percent income replacement of the Federal civil service, and (3) that a surviving spouse be allowed to retain those benefits if remarried after age 60.

Thank you.

Chairman **SIMPSON**. Thank you very much.

Mr. Wanamaker, please?

Mr. **WANAMAKER**. Thank you, Mr. Chairman, for providing me this opportunity to present testimony on the veterans' disability compensation and the dependency and indemnity compensation programs.

I am appearing on behalf of the Retired Officers Association, which has its national headquarters at 201 North Washington Street in Alexandria, Va. Our association has a membership of over 300,000 former and active duty officers of the seven uniformed services and included in our membership are 35,000 spouses of former members.

I will deviate from my prepared statement and hope that the remarks be included in its entirety in the record——

Chairman **SIMPSON**. Without objection.

Mr. **WANAMAKER**. This committee will be considering making adjustments to the current rates of disability to reflect the inflation since the last adjustment. S. 917 would raise these benefits by 11.2 percent. I'll not make a recommendation as to what is to be the correct percentage increase other than that I believe it should be and is essential that the disabled veterans' current standard of living should be maintained and compensation increased to reflect inflation.

When determining the increase, you must remember that if the trend toward reducing medical care such as travel expenses, reduction in hospital beds, and limitation on bonuses for physicians, if this trend continues, there will result in added out-of-pocket costs to the various disabled veterans who need this care and those added costs should be reflected in whatever percentage increase is determined for the disability compensation.

Every so often it is necessary for us to step back and see if the program meets its original objectives when the program was established. There exists strong evidence that the Congress intended a 100-percent totally disabled veteran to be compensated for service-connected disabilities at the rate which would provide him with income equal to the median full-time wage earner.

I believe this to be a valid objective and a current comparison should be made. I am sure the committee staff can obtain this information from the Bureau of Labor Statistics.

Also, in arriving at a determination if the program meets its objectives, I would compare it with the disability compensation program of the Federal civilian employees. The Federal civil service disability retirement program has a minimum base, the greater of 40 percent of his annual wage or a compensation formula based on the satisfactory completion of a full career.

There also exists a standard compensation schedule for the loss of certain extremities or organs, separately paid, without deduction from the otherwise derived disability retirement. I believe that the members of this committee should insure that a service-connected-disabled veteran receives at least as favorable compensation as that paid to disabled Federal civilian employees.

As I indicated earlier in the remarks, I believe the Department of Defense adequately provides the necessary concern for its disabled members and as a court of last resort, I urge this committee to study this matter deeper than a simple consideration of a percentage increase in current compensation.

Mr. Chairman, there exists one group of veterans that are not adequately compensated for service-connected disabilities. The group that I refer to are those veterans who have served 20 or more years and who become retirement eligible for years of service.

If they should become disabled on active duty, these veterans would receive the greater of the disability retired pay or retired pay based on years of service. The length-of-service retiree who is also disabled must in effect pay for his own disability compensation.

He must forfeit an equal amount from his retired pay for years of service in order to receive the VA disability compensation. Veterans' disability compensation is paid to replace future earnings lost because of disease or illness attributed to military service.

Military retired pay for longevity, on the other hand, is payment for years served and has no connection with disease or injury. The payments are for two completely different circumstances and should be paid concurrently.

An inequity occurs when a civil service employee, a veteran, can receive VA disability compensation while employed and also after retirement without reduction in either. He can also use his years of military service for credit toward his civil service retirement.

I ask you, Mr. Chairman, and members of the committee, where is the equity.

Chairman **Simpson**. Could you just quickly summarize, please?

Mr. **Wanamaker**. In summary, Mr. Chairman, I feel that the compensation program for the military serviceman is completely inadequate in comparison with the Federal civil service. I'm very sorry I don't have time to give you a very serious consideration of the DIC program, and I consider that program to be extremely deficient in comparison with the Federal civil service also.

I hope that you will refer to the charts that I have included in my statement and take them under consideration.

Chairman **Simpson**. I assure you we will. I do have a time problem this morning. I have an appointment at 11 and, with your permission, let me now take the testimony of Mr. Gourley and Mr. Napolitano. I do not like to have people testifying just to staff members and it's regrettable, but that's the way it is.

I chair three committees in the Senate. It keeps me very busy. So may we just use the table and then I will leave a little before 11 and then Mr. Bergquist, chief counsel and staff director of the committee, will ask several questions of both the present panel and the one that's just seating.

Mr. **Wanamaker**. Thank you, Mr. Chairman.

Chairman **Simpson**. Thank you very much.

[The prepared statement of John F. Wanamaker follows:]

PREPARED STATEMENT OF JOHN F. WANAMAKER, USN, RETIRED, ASSISTANT DIRECTOR, GOVERNMENTAL RELATIONS, RETIRED OFFICERS ASSOCIATION

Mr. Chairman and Members of the Committee:

I want to thank you for providing me this opportunity to present testimony on the Veteran's Disability Compensation and Dependency and Indemnity Compensation programs. I am appearing on behalf of The Retired Officers Association which has its National Headquarters at 201 N. Washington Street, Alexandria, Virginia. Our Association has a membership of over 300,000 former and active duty officers of the seven uniformed services and included in our membership are 35,000 widows of former members.

Mr. Chairman, before discussing each of these programs separately, I would like to make several general observations. The compensation programs administered by the Veterans Administration interface with other federal programs administered, principally by the Department of Defense, but not excluding other federal agencies such as the Social Security system. Even various state laws interface with the Veteran Administration's programs. There is a close relationship between the military disability retirement system and the Veterans Administration's Disability Compensation program. Unfortunately, too frequently the military will release persons to inactive duty performing a simple perfunctory physical examination with the tongue in cheek advice "if you have a problem go to the Veterans Administration and they will make an evaluation, generally more liberal than the service, anyway." An excellent example is the failure of the services to provide adequate pre-discharge dental care while still on active duty. The Veterans Administration had accepted this responsibility to provide this care, however, it's now trying to be relieved of this responsibility to provide post-service dental care. This type of situation occurs with other medical problems. If the Department of Defense (and the Department of Transportation in the case of the Coast Guard) truly accepted the responsibility to compensate their service personnel for service connected disabilities then there would be no necessity for the existance of Veteran Disability Compensation programs. We can partially excuse the uniformed services for their failure to provide less than thorough physical examinations upon release from active duty during periods of rapid demobilization or when the majority of draftees want to get out as soon as possible, without any delays.

There also exists a strong interrelationship between the Dependency and Indemnity Compensation (DIC) program and the Social Security system and the military Survivors Benefit Plan (SBP). Too frequently the benefits of one program are offset by the benefits of another, each designed to provide benefits to meet different specific objectives. This interrelationship between the plans can result in confusion to say the least, and unfortunately inadequate benefits in many cases.

Veterans' and their dependents' compensation programs are often considered to be gratuitous but this committee must realize that these programs are legitimate costs to the government. These programs replace income lost to a service member or his dependents as a result of death or injuries attributable to military service. Civilians working for the federal government have compensation programs designed to meet the same criteria for injuries or death attributable to civilian employment. No one would consider those programs to be gratuitous.

Disability Compensation

This committee will be considering making an adjustment to the current rates of disability compensation to reflect the inflation since the last adjustment. S-917 would raise these benefits 11.2 percent. I'll not make a recommendation as to what is to be the correct percentage increase other than I believe it essential that the disabled veterans' current standard of living should be maintained and compensation increased to reflect inflation. When determining the increase you must remember that if the trend toward reducing medical care (travel expenses - reduction in hospital beds and limitation on bonuses for physicians) continues there will result added out of pocket costs to the disabled veterans and those added costs should be reflected in whatever percentage increase is otherwise determined. Every so often it's necessary to step back and see if the program meets the original objectives when the program was established. There exists strong evidence that the Congress intended a 100 percent totally disabled veteran to be compensated for service connected injuries at the rate which would provide him with income equal to the median full time wage earner. I believe this to be a valid objective and a current comparison should be made. I'm sure the committee staff can obtain this information from the Bureau of Labor Statistics.

Also, in arriving at a determination if the program meets its objectives, I would compare it with the disability compensation program of the federal civilian employees. The Federal Civil Service disability retirement program has as a minimum base, the greater of 40 percent of his annual wage or a compensation formula based on the satisfactory completion of a full career. There also exists a standard compensation schedule for the loss of certain extremeties or organs, separately paid, without deduction from the otherwise derived disability retirement. I believe that the members of this committee should insure that a service connected disabled veteran receives at least as favorable compensation as that paid to disabled federal civilian employees. As I indicated earlier, I do not believe the Department of Defense adequately provides the necessary concern for its disabled members and as a "court of last resort", I urge this committee to study this matter deeper than a simple consideration of a percentage increase in current compensation.

Mr. Chairman, there exists one group of veterans that are not adequately compensated for service connected disabilities. The group that I refer to are those veterans who have served 20 or more years and who become retirement eligible for years of service. If they should become disabled on active duty, these veterans would receive the greater of the disability retired pay or retired pay based on years of service. The length of service retiree who is also disabled must in effect pay for his own disability compensation. He must forfeit an equal amount from his retired pay for years of service - in order to receive the VA disability compensation. Veterans disability compensation is paid to replace future earnings lost because of disease or illness attributed to military service. Military retired pay for longevity on the other hand is payment for years served and has no connection with disease or injury. The payments are for two completely different circumstances and should be paid concurrently. An inequity occurs when a Civil Service employee veteran can receive VA disability compensation while employed and after retirement without a reduction in either. He can also use his years of military service for credit toward his civil service retirement. I ask you, Mr. Chairman and members of the committee, "Where is the basis for fair and equal compensation for injuries in these situations?" I strongly urge this committee to favorably consider the bill S. 783 currently before this committee as an amendment to S. 917.

As of April 1, 1980, the various states, in order to meet the federal approval of their Unemployment Compensation systems, reduced unemployment compensation by the amount an individual receives in other retirement income.

This other income includes periodic payments received as military disability retired pay and veterans' disability compensation. This federal law has now been amended to allow states the option to offset the Unemployment Compensation for those receiving retirement income. Most states still require an offset by receipt of VA disability compensation. I maintain that this completely refutes the intention of the Congress in providing the disability compensation. I strongly urge this committee to favorably consider legislation to correct this anomaly. I believe that VA disability compensation should be just that, and should not be the basis for reduction in other federal or state entitlements to which they may otherwise be eligible.

Dependency and Indemnity Compensation

Mr. Chairman, I will now address the Dependency and Indemnity Compensation (DIC) program. This program provides benefits to the survivors of a member or former member whose death occurs on active duty or as a result of a service connected disability. The monthly rates paid to a surviving spouse are based on the pay grade of the service member at the time of death or release from military service. I recommend that the benefit schedule be truly increased, as necessary, to reasonably insure the maintenance of the survivors' standard of living. Our nation has a long outstanding record in providing benefits to the survivors of those whose husbands and fathers may have given their lives in the service of their country. For this, our nation and this committee, in exercising its responsibilities in this regard, can be justly proud.

There have been some, who have expressed the opinion that a standard "flat rate" be established to pay all surviving dependents. Those who

DIC

MILITARY WIDOW (NO CHILD)

CIVIL SERVICE (WIDOW NO CHILD)

(1)	(2) Base Pay		(3) RMC	(4) DIC	(5) BP %	(6) RMC %	(7)	(8) Monthly Pay	(9) Monthly Annuity 50%
E-1	501.30		668.23	373	74	56			
E-2	558.60		744.61	385	69	52	GS-2	745.91	372.96
E-3	612.30	(0-2)	816.20	394	64	48	GS-3	813.83	406.91
E-4	727.20	(0-4)	969.35	419	58	43	GS-4(3)	974.42	487.20
E-5	828.90	(0-8)	1104.92	431	52	39	GS-5(4)	1124.41	562.20
E-6	992.10	(0-12)	1322.47	441	44	33	GS-7(2)	1308.25	654.13
E-7	1138.20	(0-14)	1517.22	462	41	30	GS-7(7)	1519.08	759.54
E-8	1317.90	(0-16)	1756.75	487	37	27	GS-9(5)	1755.42	877.71
E-9	1576.20	(0-20)	2101.08	510	32	24	GS-10(8)	2103.42	1051.71
W-1	1211.10	(0-12)	1614.40	472	39	29	GS-7(9)	1603.42	801.70
W-2	1413.00	(0-16)	1883.53	491	35	26	GS-10(4)	1876.08	938.04
W-3	1677.30	(0-20)	2235.84	505	30	23	GS-11(7)	2248.83	1124.41
W-4	1971.60	(0-22)	2628.14	535	27	20	GS-12(6)	2620.08	1310.04
0-1	924.30		1232.09	472	51	38	GS-5(7)	1226.66	613.33
0-2	1163.10	(0-2)	1550.41	487	41	31	GS-9(1)	1548.75	774.38
0-3	1614.90	(0-4)	2152.66	522	32	24	GS-10(9)	2160.25	1080.12
0-4	1939.20	(0-10)	2584.95	551	28	21	GS-12(6)	2620.08	1310.04
0-5	2433.90	(0-16)	3244.38	608	25	19	GS-13(7)	3204.66	1602.33
0-6	2934.60	(0-20)	3911.82	684	23	17	GS-14(8)	3892.08	1946.04
0-7	3832.50	(0-20)	5108.72	741	19	15	GS-17(1)	5100.33	2550.16
0-8	4081.50	(-)	5440.77	812	20	15			
0-9	4176.04	(-)	5566.66	872	20	15			
0-10	4176.04	(-)	5566.66	954	22	17			

75% (GS-15) MAXIMUM 50.112 = 3132.

advocate this have no understanding for the basic concept under which the Dependency and Indemnity Compensation program is established. I might add that a 940 page study conducted by this committee in 1978 recommended that the current DIC method based on grade/rank be maintained and adjusted periodically for the cost of living. The DIC program attempts to replace the potential earnings lost to a family as a result of the service member's death. I have prepared a chart which illustrates the replacement of wages through the DIC program administered by the Veterans Administration and then makes a comparison with that provided to federal civilian employees of similar income.

You will note in referring to the chart that I have converted the military Basic Pay to Regular Military Compensation (RMC) which includes factors for subsistance and housing allowances. These components are generally valued at approximately one-third the basic pay of the service member. What I would like to point out from the chart (column 5) is by using the accepted replacement income of 50 percent, all but the lowest enlisted and officer grade catagories fall below this accepted level under the current DIC program for a surviving spouse with no dependents. As an example you will note that the surviving widow of an 0-5 with 16 years of service will receive an amount of $608 in Dependency and Indemnity Compensation. This replaces one-fourth the basic pay at time of death. Generally one-fourth is considered the amount one would expend for shelter alone. This widow would be unable to provide the other necessities of life. Obviously, this widow would be in trouble if she should lose her husband, and I believe that most members would agree, the DIC does not meet this woman's basic needs in income replacement. When one considers the percentage of income replacement compared with Regular Military Compensation (column 6) which is similar to the

Federal Civil Service salary you can see that almost every grade is deficient. Take the example of the 0-5 widow I noted before -- you must realize that now she can't heat the shelter! At 19 percent income replacement, she is either forced to move, sell the house or take in boarders.

I would now ask the members to compare the 50% income replacement of the federal Civil Service with the military member (compare column 4 with column 9). I implore the committee to provide a similar program to its military members. The civil service surviving widow can receive the benefit until death or until she remarries before reaching age 60.

This committee should authorize survivors who are receiving benefits under the DIC program to continue to receive these benefits if they should remarry after age 60. Other federal programs such as Social Security, Military Survivors Benefit Plan and the Civil Service Survivorship Annuity Plan have been modified to preclude the necessity for these older beneficiaries from "living in sin." I urge you to provide the same consideration for the DIC widows. The costs of such a proposal would be minimal. An amendment to S-917 should be considered to accomplish this objective.

Memorial Headstones

The bill (S-779) before you for consideration would authorize the Veterans' Administration to furnish memorial headstones or markers for veterans who may by choice be buried at sea, or who may donate their bodies to science or be cremated and their ashes scattered. Our Association supports this bill, however, I would like to call the attention to the committee that this bill should be amended on page 2 line 19 by striking the words "Armed Forces" and substituting the words "Uniformed Services". In addition, a problem arises with the term "national cemetary area" on lines 12 and 13 page 2 and the words "any private or local cemetary". The problem or question I have is, can a veteran under the circumstances above who may be a member of the Uniformed Service including the members and former members of the Public Health Service and the National Oceanic and Atmospheric Administration (NOAA) be provided a headstone or marker in Arlington National Cemetary administered by the United States Army under Title 24 Section 281 and not under the provisions of Section 1003 of Title 38? These members of the Uniformed Service are currently precluded from burial at Arlington National but they may be incrypted there if cremated. I urge the committee to clarify this problem. I believe this could be prevented from occuring by amending the words "Armed Forces" to read, "Uniformed Service" in Title 24 Section 281. If these minor corrections are made our association will strongly support the bill (S-779) and recommend its favorable consideration. If the bill (S-112) is considered in lieu of (S-779) the same objections apply in the wording, otherwise we would support the intent of this proposal also.

This concludes my statement and I'll be glad to answer any questions that any member may have.

Chairman SIMPSON. So, Mr. Willard Gourley, the executive vice president of NCNB Mortgage Corp., accompanied by Mr. Burton Wood, senior staff vice president and legislative counsel; Glen Corso, deputy legislative counsel, Mortgage Bankers Association of America, and Mr. Fred Napolitano, first vice president, National Association of Home Builders.

Please proceed, sir.

TESTIMONY OF A PANEL CONSISTING OF: WILLARD GOURLEY, EXECUTIVE VICE PRESIDENT, NCNB MORTGAGE CORP., ACCOMPANIED BY BURTON WOOD, SENIOR STAFF VICE PRESIDENT AND LEGISLATIVE COUNSEL; GLEN CORSO, DEPUTY LEGISLATIVE COUNSEL, MORTGAGE BANKERS ASSOCIATION OF AMERICA; AND FREDERICK NAPOLITANO, FIRST VICE PRESIDENT, NATIONAL ASSOCIATION OF HOME BUILDERS

Mr. GOURLEY. Thank you, Mr. Chairman, my name is Willard Gourley and I am, as you noted, executive vice president of NCNB Mortgage Corp. from Charlotte, N.C. I also am vice chairman of the legislative committee of MBA, and MBA is the trade association for the Nation's mortgage banking industry.

We appreciate the opportunity to appear before you today to testify on the VA home loan guaranty program and on a bill introduced by you, S. 1316, which would authorize the VA to guarantee graduated payment mortgages.

MBA supports the enactment of this bill. We believe it will make affordable home mortgage financing more readily available to young veterans with families by authorizing VA to guarantee graduated payment mortgages. We also urge the committee to consider legislation authorizing the VA to guarantee loans to purchase units in cooperative housing. Such legislation would make additional homeowning opportunities available to veterans in urban areas where most cooperative housing is found.

Additionally, we have concerns with two administration proposals that have not been approved by Congress for the time being that we believe could impair the viability of the VA home loan guaranty program. One is the potentially restrictive limit proposed to be placed on guaranty activity of the Government National Mortgage Association, GNMA, under its mortgage-backed security program. This program, supported entirely by user fees, is the prime vehicle for the sale of VA-guaranteed loans to investors.

While the administration has not proposed to limit VA home loan guaranty activity, a reduction in GNMA-MBS activity could restrict such loan activity, definitely could restrict such activity. For the past 5 years, two-thirds of all VA loans have been sold as part of GNMA-mortgage backed securities.

These securities have been sold to a variety of investors and have largely supplanted the traditional capital sources for VA loans, the thrift institutions and FNMA, the Federal National Mortgage Association.

In the first concurrent resolution on the budget for fiscal year 1982, Congress has recognized the need for the GNMA-MBS program to continue to operate on a demand basis and set the activity ceiling at $69.5 million, which is $5½ billion above the administration's request.

We urge the committee to communicate to the Senate Appropriations Committee the need to set this as a target rather than a binding limitation for the GNMA-MBS program in HUD's fiscal year 1982 appropriations bill with the flexibility to allow a supplemental increase in the ceiling if one becomes necessary in the course of the fiscal year.

However, we would urge this committee to recommend to the Appropriations Committee that if it is determined that a binding limit is necessary, to set fiscal year 1982 GNMA limit at $69.5 billion, to assure that the limit would be high enough to accommodate potential demand.

Additionally, this committee should be aware that the Senate version of the fiscal year 1982 budget resolution contained language that would have permitted a point of order to be brought against legislation authorizing any new loan guaranty program such as S. 1316, unless the program was provided for in the budget resolution.

This language was not adopted by the conference committee and does not appear in the budget resolution. We urge the committee to communicate to the Budget Committee on the inappropriateness of applying such a provision to an entitlement program such as the VA home loan guaranty program.

The second administration proposal we are concerned about is the consolidation of VA loan processing offices. We wish to commend the committee for recognizing that consolidation must be carefully studied, reviewed by Congress, and fitted around existing plans for upgrading the VA's computer capability.

We urge the committee to keep in mind that the current proximity between VA offices and mortgage lenders works to the benefit of the veteran by allowing prompt and efficient processing of loan applications. This speed is particularly important during recent times of volatile interest rate market that we've seen.

Any drastic consolidation of VA offices could impair this efficient flow of loan processing and can increase the exposure the veteran has to higher interest rates.

We appreciate the opportunity to appear before the committee and would be happy to furnish any additional information we could.

Chairman SIMPSON. Thank you very much, Mr. Gourley, I do appreciate it, and your understanding of my schedule and yours. Yes, sir?

Mr. NAPOLITANO. Mr. Chairman, members of the committee, my name is Frederick Napolitano and I am first vice president of the National Association of Home Builders.

We have submitted our full testimony to you and I will attempt to summarize for the sake of time.

I am also a builder from Virginia Beach, Va., and have personally built over 2,500 VA houses over the past 25 years. I know that the VA has done an excellent job in carrying out the housing entitlement programs afforded veterans.

NAHB supports the VA home loan guarantee program and believes the VA to be one of the best Federal agencies in terms of service to the consumer and to the homebuilder. Since the inception of the program, the VA has guaranteed almost 11 million home loans with a value of over $191 billion.

Prior to commenting on the specific legislation before this committee, I would like to present the condition of the housing industry. In a word, Mr. Chairman, the short-term outlook is dismal. The present state of the economy and the housing industry is such that few homes are being built today.

The latest projection shows an 8.4-percent decrease from the housing starts of last year which were a very dismal 1.3 million units.

Traditionally, the housing industry is one of the most cyclical industries in the country. High interest rates and tight money supply hit first and hardest at our industry. But one of the strongest aids our industry received during the last recovery period was through the VA loan guarantee program.

Buyers at the lower end of the for-sale housing market are particularly dependent on FHA-insured and VA-guaranteed loans during periods of tight money when lenders in the conventional market tighten up their credit guidelines and require higher downpayments. In this climate, VA housing programs take on particular significance as a valuable countercyclical tool.

Now I would like to comment on the housing legislation before this committee. We support S. 1316 which authorizes the Veterans' Administration to guarantee graduated payment mortgages, known as GPM's, for home loans; and also S. 415 which increases the grant for specially adapted housing for handicapped veterans. As you are aware, the House unanimously passed the VA GPM bill last week, 397 to 0.

We actively supported the graduated payment program implemented under the Federal Housing Administration and adopted policy in 1979 to support legislation to implement the graduated payment plan for the VA.

With a graduated payment mortgage, payments are lower in the initial years of the loan, increasing over a specified period of time. The lower initial payments will allow more veterans and particularly the first-time borrower to qualify for homeownership, while anticipated increases in income will enable them to meet the higher mortgage payments later in the life of the loan.

The payment schedule and interest rate are known at the time the loan is closed. Payments generally increase over a 5- or 10-year period and then remain fixed over the remaining life of the loan.

Our economics department, with the assistance of HUD's Actuarial Department, made a comparison of the standard VA no-downpayment loan to a VA loan which provides for a graduated payment mortgage.

According to these calculations, the annual income needed to qualify for a $55,000 home at a 15.5-percent interest rate for 30 years is $28,699 under the no-downpayment VA program, but only $22,242 under the proposed GPM program of S. 1316 which allows for property appreciation.

Only 15.1 percent of veterans could afford to buy a home under the standard loan guarantee program, but double that or 30.2 percent could afford it with the proposed graduated payment mortgage.

We have a complete breakdown of the payment schedules and income needed to afford in our full testimony under attachment C.

A graduated payment mortgage for the veteran homebuyer provides an opportunity for homeownership which would otherwise be denied to him. It has proved its success under FHA as almost one-third of the single-family insurance program last year were GPM's, and it is virtually a no-cost program.

In addition, the 5-year FHA GPM's are readily acceptable in the secondary market. It is very important that restrictive credit limits not be placed on the Government National Mortgage Association's mortgage-backed security program as they guarantee VA loans in the secondary market as well as the FHA loans.

Throughout this testimony, we have been supportive of VA housing legislation. We are very concerned, however, with the administration's recent budget proposal to cut back on VA personnel by consolidating benefit processing activities even though the proposal has been put on a back burner for this year. Any such consolidation would have the effect of limiting the use of the loan guarantee program.

We feel that centralizing offices even if it came in later years, as proposed by this committee, would inevitably slow down the processing of these loans.

We support retention of benefit processing activities in VA regional offices and the concept of legislation introduced in the House which calls for congressional oversight of the reorganization of the VA when over a 10-percent reduction in personnel is recommended by the administration.

Thank you, Mr. Chairman.

Chairman **Simpson**. Thank you both very much. I did want to personally hear your testimony. There will be questions by Mr. Bergquist.

[The prepared statement of Frederick Napolitano follows:]

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PREPARED

STATEMENT OF

THE NATIONAL ASSOCIATION OF HOME BUILDERS

BEFORE THE

SENATE COMMITTEE ON VETERANS' AFFAIRS

ON

VA HOUSING PROGRAMS

S. 1316 and S. 415

June 11, 1981

Mr. Chairman and Members of the Committee: My name is Frederick Napolitano and I am a home builder from Virginia Beach, Virginia. I am testifying today on behalf of the more than 123,000 members of the National Association of Home Builders (NAHB), who employ over 3 million workers. NAHB is the trade association of the nation's home building industry, of which I am First Vice President. Accompanying me today are James Schuyler, Legislative Counsel and Patricia Economos, Research Analyst.

Mr. Chairman, we appreciate the opportunity to appear here today and to present our views on the veteran housing legislation before this Committee. Approximately 20 percent of our builder members are involved in building VA housing and that number is steadily increasing. I personally build VA housing and have closed many VA loans since I started my construction company in 1951.

We support S. 1316 which authorizes the Veterans Administration to guarantee graduated payment mortgages (GPM's) for home loans and S. 415 which increases the grant for specially adapted housing for handicapped veterans. As you are aware the House unanimously passed the VA GPM bill last week by a vote of 397 to 0.

VA HOME LOAN GUARANTEE PROGRAM

Before dealing with the specific housing legislation before this Committee, I would like to take this opportunity to comment on the Veterans Home Loan Guarantee Program in general.

VA housing programs have given three generations of veterans and their families the opportunity not only to obtain property and homeownership but to put down roots and establish community ties.

Participation in VA housing programs has been substantial with loans guaranteed by the VA in the 1970's increasing markedly over that of the decade of the 1960's. The number of home loans guaranteed per year in the 1960's averaged about 120,000 while during the 1970's the number rose to about 320,000 per year. Since the inception of the program through April of 1981, the VA has guaranteed almost 11 million home loans with a value of over $191 billion.

The VA has done an excellent job in carrying out the housing entitlement programs afforded veterans. NAHB supports the VA Home Loan Guarantee Program and believes the VA to be one of the best federal agencies in terms of service to the consumer and to the home builder.

OUTLOOK FOR HOUSING

I believe that an understanding of the current condition of our industry, the second largest in the nation, is essential to determine the need to provide a mortgage plan which will qualify more veterans for homeownership and to make maximum use of the loan guarantee program. If the VA is to remain true to its basic responsibility of providing credit assistance to veterans for the purchase of housing, it must not overlook programs which will be of special assistance to the young, first-time veteran borrower who could not otherwise afford to buy a home.

I would like to briefly review the status of the housing industry and the impact of VA housing programs during periods of tight mortgage credit.

Status of the Housing Industry

Traditionally, the housing industry is one of the most cyclical industries in the country. High interest rates and tight money supply hit first and hardest at our industry.

The facts are:

- 1980 has been the second worst year for housing production since World War II, with production dropping by 55 percent from the peak of the housing cycle in November, 1978 to the trough in May, 1980. VA starts have also dropped from their peak of 130,700 in 1977, to 94,700 in 1980, a 27.5 percent decrease.
- Total negative impact to the economy of the housing downturn from 1978 to 1980 was $88 billion.

- Total housing production for 1980 was down 26 percent from 1979 - with 1,292,000 units actually started, or over 450,000 units less than the 1,745,000 started in 1979. Total VA starts were down 22.4 percent from the 1979 level of 122,100.
- Housing production is currently running at under a 1.4 million annual rate.
- Housing production under government programs is comprising a larger segment of total starts. In 1980, the number of units under government programs totalled 43.3 percent of total starts, compared to 34.5% in 1979, and 22.8% in 1976. VA starts were 7.3 percent of total starts in 1980.
- The latest survey by the Federal Home Loan Bank Board of mortgage rates charged by member banks indicates that with a 20 percent downpayment the effective rate on new home loans was 16.11 percent. FHA and VA loans are now set at 15.5 percent.
- At current interest rates, only 4% of the population can afford the median-priced single-family home.

Role of VA in a Housing Downturn

One of the strongest aids our industry received during the last recovery period was through the VA Loan Guarantee Program. Buyers at the lower end of the for-sale housing market are particularly dependent on FHA insured and VA guaranteed loans during periods of tight money when lenders in the conventional market tighten up their credit guidelines and require higher downpayments. In this climate, VA housing programs take on particular significance as a valuable countercyclical tool.

The VA has stated that even though negative conditions of the housing market in 1980 were worse than those of the previous recession, the level of activity was higher. The legislative initiatives of the 1970's which enabled the Loan Guarantee Program to meet housing needs of veterans under adverse economic conditions were responsible for the increased activity.

We believe the same track record can be made in the 1980's. Providing for a graduated payment mortgage under the Loan Guarantee Program might do for the 1980's what prior legislation accomplished in the 1970's. The increase in the grant for specially adapted housing will help our disabled veterans keep pace with rising housing construction costs.

GRADUATED PAYMENT MORTGAGE

S. 1316

S. 1316 authorizes the Veterans Administration to guarantee home loans with provisions for a graduated payment mortgage.

We actively supported the graduated payment program implemented under the Federal Housing Administration (FHA) and adopted policy in 1979 to support legislation to implement a graduated payment plan for the VA. (Attachment A)

With a graduated payment mortgage, payments are lower in the initial years of the loan, increasing over a specified period of time. The lower initial payments will allow more veterans to qualify for homeownership, while anticipated increases in income will enable them to meet the higher mortgage payments later in the life of the loan. The payment schedule and interest rate are known at the time the loan is closed and payments generally increase over a five or ten year period and then remain fixed over the remaining life of the loan.

Many veterans want to own their own homes, but have found it beyond their reach because monthly payments are too high under the traditional level-payment mortgage. The graduated payment mortgage will open the Home Loan Guarantee Program to many more veterans, and particularly first-time buyers who could not otherwise afford to buy a home.

First-Time Home Buyer

The impact of rapidly escalating housing costs on the potential homebuyer is dramatic. The average price of a VA home has more than doubled since 1974 and there was a 34 percent increase in VA housing from 1978 to 1980. (Attachment B). Those who bought their homes prior to the recent dramatic price increases in the 1970's have been least adversely affected by rising housing costs. The equity appreciation in their homes has allowed many to move up to more comfortable homes with very little increase in monthly mortgage payments. Those harmed most by the acceleration in housing costs are those who do not have their "ticket of admission" to the homeownership market -- young families who are potential first-time homebuyers.

A United States Savings and Loan Association report on "Homeownership: Coping with Inflation" found that inflation has significantly reduced the percentage of first-time buyers in the market. Only 18% of all homebuyers in 1979 were first-time purchasers, compared to 36% in 1977. First-time buyers had to stretch their budgets, even with two incomes, to afford a home. In addition, they noted that the "25% of income" rule of thumb for housing expenses has been shattered. About 46% of all buyers spent more than one-fourth of their income on housing expenses. Housing expense as a percent of gross monthly income for VA borrowers was about 33 percent in 1980.

There is no doubt that first-time homebuyers have been hardest hit by the impact of inflation on home prices.

GPM Comparison

NAHB's Economics Department, with the assistance of HUD's Actuarial Department, made a comparison of the standard VA no downpayment loan to VA loans which provide for a graduated payment mortgage. (Attachment C). One of our VA GPM examples is similar to the five year FHA 245 (b) GPM with payments increasing 7.5 percent annually. The example provides, as stated in S. 1316, that the principal amount of the loan including all negative amortization (interest added to principal) may not exceed the projected value of the property figured at 2.5 percent per year with a cap of 115 percent.

According to our calculations, the annual income needed to qualify for a $55,000 home at a 15.5 percent interest rate for 30 years is $28,699 under the no downpayment VA program, but only $22,242 under the proposed GPM program. Only 15.1 percent of veterans could afford to buy a home under the standard loan guarantee program, but double that or 30.2 percent could afford it with the proposed graduated payment mortgage.

S. 1316 offers enough flexibility to provide various GPM programs. If the veteran made a downpayment to make up for the negative amortization which occurs because of the lower payments in the early years of the loan, instead of using the property appreciation method, he would need only $20,224 in income to qualify and 36.5 percent could afford to buy the home. This is comparable to Plan III of the FHA 245 (a) GPM.

A graduated payment mortgage for the veteran homebuyer provides an opportunity for homeownership which would otherwise be denied to him.

No Cost Program

A VA GPM would be virtually a no cost program. The bill would not impact on the federal budget, an important consideration as the Administration strives to achieve its goals to bring down inflation and balance the budget. NAHB supported the President's budget cuts and is pleased that a program so vital to the new homebuyer can be achieved with minimal budget outlays.

According to VA statistics, claims paid during 1980 on defaulted loans as a percent of loans outstanding was one-quarter of one percent. This is lower than any other year during the decade of the 1970's. It should also be noted that no appropriations are required to pay claims on the loan guarantee program, as it is financed from a revolving fund derived from principal and interest payments made to VA and from proceeds of VA loan sales. The GPM Program under HUD has had a very low percent of claims and there is not much risk involved.

FHA Graduated Payment Mortgage

The FHA 245(a) GPM has been a very successful program. Almost 30% of the home loans insured under the FHA 203 (b) program last year were graduated payment mortgages. Under FHA the 245(b) program is a pilot program and can only be used if the buyer cannot qualify for a mortgage insured under any other HUD one-to-four family mortgage. While the program is in its infancy, the number of loans insured under the program is increasing.

Since 1977, the FHA has insured almost 270,000 graduated payment mortgages, while only a handful of GPM's were originated in the conventional market. In addition, the five year FHA GPM's are readily acceptable in the secondary market. It is very important that restrictive credit limits not be placed on the Government National Mortgage Association's (GNMA) mortgage backed security program as it guarantees VA loans in the secondary market as well as FHA.

Summary

Under the VA, the home loan program is an entitlement to those who have so ably served our country. But owning your own home is more than an entitlement and is more than an American dream. It carries numerous social benefits as well. An editorial in the Houston Chronicle, Mr. Chairman, expressed this concept very well, and I quote:

> "Owning a home is one of the more stabilizing factors in this nation. People with their own home want to be proud of their neighborhoods, they want churches and schools nearby, they want good government, and they want a fine city in which to live. They put down roots and build a community to cherish and defend."

The editorial continued that "if owning a home is beyond the grasp of 90% of the public for a long period of time, a dream will vanish and something basic in our society will change -- for the worse."

WHEELCHAIR HOMES

S. 415

Certain disabled veterans may be entitled to a grant for a "wheelchair home." The grant provides them the opportunity for a a barrier free home designed to meet their special needs such as entrance ramps, wider doors and halls and special bathrooms and kitchens. Since 1948, 17,206 grants have been awarded for the adapted housing program. The grants have been increasing, averaging about 650 a year.

Increasing the amount of the grant for this program from $30,000 to $35,000 will help the veteran keep pace with rising housing costs, since it was last increased legislatively in 1978. The law presently stipulates that the grant cannot be over 50 percent of the cost of a specially adapted housing unit up to a maximum of $30,000. The VA testified in 1978 that the cost of a specially adapted house was $66,626. 1980 figures of the VA show that the average disabled home would cost $83,842. Half of the 1980 figure is $41,500, so the increase in the grant to $35,000 is definitely supported statistically. In addition, to our knowledge, no other single-family market exists to serve the handicapped individual other than this program.

I would like to take this opportunity to point out that NAHB's Research Foundation under a grant from HUD, designed two handicapped houses and four apartments for display in different parts of the country. Two years ago at our National Convention in Las Vegas, one of these homes was built and put on display for our members to view construction techniques and cost effective design.

CONSOLIDATION OF LOAN PROCESSING ACTIVITIES

Throughout this testimony we have been supportive of VA housing legislation, but we are very concerned with the Administration's recent budget proposal to cut back on VA personnel by consolidating benefit processing activities even though the proposal has been put on a "backburner" this year. Any such consolidation would have the effect of limiting the use of the loan guarantee program.

We feel that centralizing offices even if it came in later years, as proposed by this Committee, would inevitably slow down the processing of approval of plans for housing developments and of applications for loans guaranteed by the Veterans Administration. Delays in a changing and volatile interest climate could translate into higher building costs, higher home prices and higher interest rates and points. It could also restrict the use of the program in those parts of the country most distant from the consolidated VA offices. Personal contact between the consumer and his government would also be lost.

Reorganizations of government agencies providing housing services have rarely improved the production and delivery of program benefits to the housing consumer.

We support retention of benefit processing activities in VA regional offices and the concept of legislation introduced in the House which calls for congressional oversight of the reorganization of the VA when over a 10% reduction in personnel is recommended by the Administration.

CHANGES IN ELIGIBILITY

The term of service to be eligible to receive VA benefits including the VA entitlement for loan guarantees was increased last year in the Department of Defense Authorization Act of 1981. The term of service was increased from 6 months to 2 years for veterans beginning service on September 8, 1980. The law as passed states that any veteran who fails to complete at least 24 months of service is not eligible for benefits. The Veterans Administration interpreted this as meaning that no one would receive benefits unless he served 2 years.

An individual serving just 6 months however has not failed to complete his 2 year service contract to the government. He is still in the process of pursuing that goal. There is movement on the House side to "clean up" the law on a number of points, as you have also done in some areas, Mr. Chairman. We believe that servicemen should receive benefits unless they fail to complete their contract with the government and we hope that the Committee will give this approach its support as regards the loan guarantee program.

There is already a shortage of military housing and many who would have used their VA loan guarantee entitlement to buy a home would now not able to do so. By limiting their entitlement to a VA home loan guarantee, homeownership affordability may not be within the reach of these potential buyers. We believe the law may not achieve its intended objective of curbing attrition but will discourage those who may make a career of the military from joining the service.

While the jurisdiction of eligibility changes may not be primarily under this Committee, we hope that the law will be changed to ensure that the loan guarantee entitlement not be denied to new and potential service personnel.

CONCLUSION

Mr. Chairman, we have indicated our support for the VA home loan guarantee program, the proposed legislation before this committee and the positive effects of VA programs on housing in an economic downturn. It is even more important that housing programs such as VA continue to be available in the decade ahead as demand for housing is very strong and will grow subtantially in the 1980's.

Thank you for this opportunity to present our views. I would be happy to respond to any questions you may have.

(Attachment A)

NAHB RESOLUTION

October 14, 1979
Atlanta, Georgia

SPECIAL SUBCOMMITTEE ON MORTGAGE FINANCE GOVERNMENT ASSISTED SINGLE FAMILY HOUSING

VETERANS ADMINISTRATION GRADUATED PAYMENT MORTGAGE PROGRAM

WHEREAS, it is increasingly difficult for veterans to qualify for home loans; and

WHEREAS; the Federal Housing Administration has a graduated payment mortgage (GPM) program,

NOW, THEREFORE, BE IT RESOLVED that legislation be enacted to implement a Veterans Administration graduated payment mortgage program.

APPROVED BY THE BOARD OF DIRECTORS

(Attachment B)

VA PRIMARY LOANS FOR HOME PURCHASE

Year	Average Purchase Price	Percent Change
1971	$22,320	
1972	$23,635	5.9%
1973	$24,425	3.3%
1974	$27,260	11.6%
1975	$30,531	12.0%
1976	$32,525	6.5%
1977	$36,982	13.7%
1978	$41,079	11.1%
1979	$48,555	18.2%
1980	$55,092	13.5%
April 1980	$59,625	

Source: Based upon material provided by Department of Veterans Affairs, NAHB's Economics Department

(Attachment C)

COMPARISON OF A GRADUATED PAYMENT MORTGAGE TO A TRADITIONAL VA NO DOWN PAYMENT LOAN GUARANTEE

(Monthly Payments for $55,000 Home, at 15.5% interest, for 30 Years)

Year	No Down Payment Loan Guarantee	Income Needed (to afford 1st yr.)	VA GPM (7.5% increase for 5 yrs) FHA 245(a)* approach	Income Needed (to afford 1st yr.)	VA GPM (7.5% increase for 5 yrs) FHA 245(b)** approach allowing for property appreciation	Income Needed (to afford 1st yr.)
1	$ 717.48	$28,699	$ 505.60	$20,224	$ 556.06	$22,242
2	717.48	(15.1% can afford)	543.52	(36.5% can afford)	597.77	(30.2% can afford)
3	717.48		584.29		642.60	
4	717.48		628.11		690.80	
5	717.48		675.22		742.61	
6-30	717.48		725.86		798.30	

* A 10.28% downpayment of about $5000 would be needed to cover all negative amortization created by the lower payments in the early life of the loan.

** A 1.3% downpayment of about $700 would be needed to meet the loan obligation

SOURCE: NAHB's Economics Department, based on tables and figures provided by HUD.

Chairman SIMPSON. I do have a statement here of Senator Inouye who has sponsored one of the bills we are considering this morning.

Without objection, I order that this statement be included in the record and the statement of Senator Stafford, a very fine and senior member of this committee, be also entered in the record without objection.

[The prepared statements of Senators Daniel K. Inouye and Robert T. Stafford follow:]

PREPARED STATEMENT OF HON. DANIEL K. INOUYE, A U.S. SENATOR FROM THE STATE OF HAWAII

Mr. Chairman:

I was most pleased to learn that your Committee had scheduled these hearings to review a number of proposals offered by members of the U.S. Senate who are interested in ensuring appropriate memorials to honor the memory of those deceased members of the Armed Forces whose particular circumstances do not make them eligible under our current law.

In particular, since the 93rd Congress, I have sponsored legislation that would ensure that deceased members whose remains have been determined to be non-recoverable or deceased members who might have chosen to continue to serve our nation even after death by donating their bodies for medical research, should be appropriately recognized in a national cemetery.

My proposal is a most modest one; however, I am confident that this honor is very important to the deceased members and their families. Accordingly, I would urge your Committee to act favorably upon my measure this session.

PREPARED STATEMENT OF HON. ROBERT T. STAFFORD, A U.S. SENATOR FROM THE STATE OF VERMONT

MR. CHAIRMAN:

Once again our Senate Committee on Veterans' Affairs has before it the important matter of an increase of rates of disability and indemnity compensation for disabled veterans and their survivors.

Through the years, Congress has from time to time provided for increases in monthly benefits for cost of living advances. Inflation continues, and it is important that this Congress make needed adjustments in disability compensation for disabled veterans and increase the rates of dependency and indemnity compensation for their surviving spouses and children.

I am sure all of us want to do everything reasonably possible to control inflation. Members of this Committee also recognize that our efforts should not be at the expense of those who have made the greatest sacrifices for our country.

It is appropriate that we hear testimony on other veterans' bill now pending before this Committee .

I urge my colleages of the Committee to support S. 779 which I introduced on March 24, 1981. My bill would amend title 38, United States Code, to authorize the Veterans Administration to furnish memorial headstones or markers to commemorate veterans who by choice are buried at sea, who donate their bodies to science, or who are cremated and have their ashes scattered without interment. A similar bill, H.R. 1714, was introduced in the House of Representatives by Congressman Heftel and 32 other members and has been passed by the House.

Passage of S. 779 would eliminate an apparent inequity. Currently, memorialization recognizes and honors the loyal service and sacrifice of certain persons whose remains cannot be interred, but does not honor those individuals who further sacrifice themselves for the betterment of mankind, for example, by donating their bodies to science or those who are cremated and whose ashes are scattered and not interred. Recognition and honor are also due these persons.

No honorably discharged veteran should be denied memorialization merely because he or she is buried at sea by choice, donates his or her body to science, or elects to have his or her remains scattered following cremation.

Certain amendments to S. 779 as proposed by the Veterans' Administration should be included within the bill I introduced; I have no objection to them, and in fact the amendments would improve the legislation.

Mr. Chairman, I also joined Senator Strom Thurmond in introducing S. 1297, to amend title 38, United States Code to increase the compensation payable to veterans who have lost or lost the use of both upper extremities as the result of a service-connected disability. S. 1297 would advance these veterans one full step in their statutory award category resulting in an average increase in compensation of $250 per month. Such an increase is fully justified when we consider loss or loss of use of the arms--the upper extermities--deprives these deserving veterans of the functions of life such as feeding, washing, attending to the functions of life.

Today, Mr. Chairman, we are considering very important legislation in behalf of veterans, their survivors and dependents. I join in welcoming all of the witnesses here this morning to assist members of the Senate Committee on Veterans' Affairs in meeting our responsibilities and the needs of those who have sacrificed so much in behalf of our Nation.

Chairman SIMPSON. I thank you for your understanding of my plight as I head to another meeting and Mr. Bergquist continues. Thank you for making yourselves available.

Mr. BERGQUIST [presiding]. If this panel would just remain in place, what I will do is go ahead and ask you questions and ask the other panel also. This really won't take long. I address this question to both you gentlemen. You can answer in turn.

S. 1316 would authorize the VA to guarantee graduated payment mortgages. It seems to have fairly unanimous support. Do either of you know of any problems which may arise under this program based on other such programs that are in existence elsewhere in the Federal Government?

Mr. GOURLEY. Our experience as mortgage bankers is with the FHA-GPM program has been outstanding. As a matter of fact, the delinquency record, which is really the only real criteria at this point, says it's better than—at present is even better than the VA's excellent delinquency record. There may be problems there that we will find in the future, but right now, it's been excellent.

Mr. BERGQUIST. But it's only been in effect how long?

Mr. GOURLEY. Oh, 2 years, it's relatively a short period.

Mr. BERGQUIST. So, normally, your delinquency problems would exist as payments go up?

Mr. GOURLEY. Well, I think with the GPM—we call the GPM the "Gypper" which is an easy way to refer to it. The GPM which is not a gipper. In the early stages, in a normal loan is when we frequently have the highest delinquency—the curve starts—it gets up here and then it goes down and it goes back up for late payment.

We have a lot of problems in early stages of loans so the record saying that the delinquency record is relatively low is a good one.

Mr. NAPOLITANO. I would just add that the actual inflation rate is substantially higher than the 2.5-percent property appreciation factor in the bill. With all the good intentions of Congress and the administration, I don't believe we're going to get down to a zero inflation rate. I see no problem in allowing for a minimal rate of appreciation which is well below the actual and projected inflation rate.

Mr. BERGQUIST. I address this again to both of you. What are your views with respect to the Disabled American Veterans' proposal to extend S. 415 to include blinded veterans, those veterans with the loss or loss of use of upper extremities? You may not have a position.

Mr. GOURLEY. We don't have a position.

Mr. NAPOLITANO. We don't have one on that either.

Mr. **Bergquist**. Another type of mortgage payment plan is called the variable interest rate payment. Will you explain the difference between that program and the graduated payment plan proposed by S. 1316, and what are your views in this alternative type of program?

Mr. **Gourley**. Well, I'll address the difference. The graduated payment mortgage is one that has a fixed interest rate. The payment starts off at below the necessary amount—the amount necessary to make the monthly or pay the interest and graduates but it's based on a fixed rate.

The variable interest rate is one in which the interest rate is tied to some index that allows the interest rate to vary as the economy changes or as interest rates change. What we're talking about so far as the VA is concerned is that we like the graduated payment mortgage provision.

We also would like the flexibility—the legislation to be flexible enough to allow variable rate mortgages, but we're not really seeking that right now. Personally, the variable rate mortgage's time appears to have come.

Ultimately, we may be dealing with that in all type mortgage instruments, but right now we're talking about the graduated payment mortgage which would open up the field for a lot of veterans.

Mr. **Napolitano**. We do not have official policy and variable rate mortgages for the VA loan guarantee program. We feel, however, that the fixed-rate, 30-year mortgage is the best buy for the consumer. We would like to hold on to that as long as we possibly can.

Mr. **Bergquist**. I would like to thank both you gentlemen and your fine staffs.

Mr. **Gourley**. Thank you.

Mr. **Napolitano**. Thank you.

Mr. **Bergquist**. At this time, I would like the third panel to return. I appreciate your indulgence. I just thought it was more efficient to ask their questions since they were already there.

Again, I address this to the entire panel and you can answer in turn if you have comments. Do not feel that you need to answer these questions.

The Paralyzed Veterans of America on page 4 of their testimony expressed the view that the basis upon which DIC benefits are awarded is inequitable. For the purposes of discussion, I can understand their points of view, but we must also recognize that any change in this program would represent a major alteration in previous policy as well as the resulting substantial cost increase.

What are your views in this matter and if you favor such a changed approach, do you have some idea of the cost estimates and any specific suggestions you could make on such a proposal?

Mr. **Beilke**. Mr. Bergquist, yes, I believe there are some inequities in the present system. Let's take two lieutenant colonels. I think it's a greater loss to the military community and this country if we lose a lieutenant colonel who is a battalion commander on active duty than we lose a lieutenant colonel who dies 40 years after he retires and the two widows draw the same DIC.

I think even within the present system, we have an inequity there. In my testimony, I pointed out that I thought it was inequitable for one of these reasons. I do not believe that a revision would necessarily increase our costs.

I think a system could be set up to where the cost would not be any greater than what we're spending today in DIC payments.

Ms. **Arthurs**. My thought on this business is that if you go back to the time when the *Thresher* was lost, maybe you don't know that——

Mr. **Bergquist**. Oh, I remember.

Ms. **Arthurs**. You do? Well, at that time, the comparisons that were made in repaying or setting up annuities for the survivors, the people that were in civil service receive a great deal more than the military were put under DIC which averages maybe a fourth of the retiree or the serviceman's base pay, whereas the civil service received 75 percent of pay, no less than 55 percent.

Under Foreign Service, if you lose your husband on active duty, the last statistics I have, I regret I don't have that information with me today, but under Foreign Service, they receive a year's pay and then 75 percent of their husband's pay and 1 year's salary and other benefits.

Also, you have to bear in mind that military pay on the whole is always low in comparison with civil service and Foreign Service. So when these situations exist, it certainly puts down the military person who—in this regard, I'd like to read you a little thing here if I can find it. I think it might be of interest to you.

A past secretary of—I can't find my glasses——

Mr. **Beilke**. While she is looking for her glasses, if I may, I think a better example than the *Thresher* is probably the three astronauts we lost. We're looking at civil service employees sitting in a seat right next to a military man but the DIC widows will receive a different rate.

Ms. **Arthurs**. A past secretary of the Army stated:

> When the Government contracts for the servicemen, it really contracts for the entire family unit as it includes all the family and the adjusted life style. The 24-hour call, the perils and discomforts with readiness to serve anywhere, to go to hazardous places at a moment's notice.
>
> The service wife is expected to be ready to follow her husband to any assignment or to remain cheerfully behind and to always be an ambassador of the United States. These women have proven to be some of the best emissaries this country has ever had.

You know, the life of a service wife is truly unique because you're moving everywhere and struggling along, but the minute your husband dies, the service closes that jacket. These are the services that boast they take care of their own. Forget it, and that's where our group comes in very handy and the other service groups, because we do help widows along, but it really is not a very fair basis when you think of the fact that servicemen are providing the service they do for our country.

Ms. **Olson**. I'd just like to reinforce that and we feel there should be a fairness and equal compensation. There are so many inequities elsewhere and our good people are being siphoned off by industry because of their programs.

There is a whole range of things that are not being covered by this committee that are factors in retention of people, but this is certainly one we see as a factor.

Mr. Wanamaker. Mr. Bergquist, in response to the question, should the program be revised or complete revision of the program? In that regard this committee did a study 2 years ago and came to the conclusion that the present system should be retained and basically that the DIC payments should be graduated with rank according to the structure of the service.

However, the system, as you look at it today in comparison to that of the civil service and that's the point of my testimony—there is such a great disparity. As an example, two people drawing the same income—and when I say income, I'm talking about a serviceman's housing and subsistence, that's included in the serviceman's income with his basic pay.

If an O-5 whose income is $3,244 is compared to a GS-13, grade 7, whose income is $3,204—roughly the same income—if they die riding in a rocket, as the example given by Mr. Beilke a minute ago, and that rocket fails, that civil service employee's widow gets $1,602 a month. The serviceman's widow gets $608 a month.

Now there is no comparison, there is no equity, no justice that I can see to that. That $608 replaces the serviceman's income by 19 percent, while the $1,602 replaces the GS-13's income by 50 percent. Now, there is something wrong with the system.

I don't say that the whole system has to be thrown away or the baby has to be thrown out with the wash water, but there is something that needs to be improved and the program is completely inadequate today.

Mr. Bergquist. Let me do a followup. It would seem that the appropriate way to handle this would be to take DIC, separate out active duty, and make active duty under the jurisdiction—call it something else—have it under the jurisdiction of the Armed Services Committee and leave DIC for those who are retired, discharged or otherwise.

Mr. Wanamaker. If I can respond and expand on your comment there, I'd like to do that. The program has been so inadequate, the career people in the retiree side of this thing, supported legislation last year to supplement DIC by their survivor benefit plan.

That survivor benefit plan was making so much money and with so many inequities in it, we felt that it was better to give it to these widows who really needed it. So there are 600,000 retirees who are supplementing DIC because of the need.

This is the Government's responsibility. It's a cost of doing business and those retirees are paying for the supplemental on those widows whose husbands died.

Mr. Bergquist. You gave excellent comparisons about people who are in active working life. What about comparisons of a retired civil servant versus a retired——

Mr. Wanamaker. The military survivor benefit plan as compared to the survivorship annuity program for the civil service is not as good for the military as it is for the civil servant and I could give a long line of inequities.

The military survivor's benefit plan is offset by DIC, it's offset by the social security, we pay more for it, there's a lot of inequity.

Mr. Bergquist. And that's under the jurisdiction of the Armed Services——

Mr. Wanamaker. It is.

Mr. Bergquist. Please comment on the DAV's statement that S. 911 proposes—new survivor benefit program to a new category of beneficiary by establishing a special pension for surviving spouses of Medal of Honor recipients.

Mr. Beilke. My association did not take a position on that, Mr. Bergquist, but I think if we go back to your previous question and what I had said about changing the DIC rate, such things would be taken into consideration, whether it's active duty and under which circumstances because once again we're looking at a Medal of Honor winner, E-3, and an individual who may be retired as an E-3 and their widows draw the same amount of money.

Mr. Wanamaker. Mr. Bergquist, I was privileged to see an act of heroism for which a Medal of Honor was awarded. In this particular case, the individual gave his life defending a flight of aircraft going to a target in Vietnam. As a matter of fact, it was the last day this carrier flight was due to leave the line—we were to go home—and his job was to protect that flight in the suppression of antiaircraft and missiles that might come up and jeopardize——

When that flight went in the last day, he could have said, well, I could avoid everything—if I get by this day, I can be home free and that's it. But he saw a threat and he attacked, and he gave his life in that attack.

Now, the thing of it is that the Government has named a ship after him, but I don't think that's adequate. If his wife needs help, I think there should be some program to help her and see to it that she's adequately taken care of.

Without regard to his own safety, he gave his life, and I just don't think that we should sit here and make judgment whether we're spending a few extra dollars. I think his widow should be taken care of.

Ms. Arthurs. Now, if I might say a word? When it comes to my group of widows, the feeling is, of course, everybody who has lost their husband on active duty feels that he was eligible for that Medal of Honor so there is a little problem there.

But with DIC basically, I'm always getting this information and they'll say, look, DIC isn't supposed to be an annuities program. It's more like an insurance policy. This has never really washed with me for the simple reason that if you lose your husband on active duty, you're very apt to be in some temporary spot, Guam or some isolated spot.

There is so much for you to do. If you have children and all connected with it and you've lost your breadwinner, can you tell me how they expect—just because you've lost your husband on active duty that you can survive on about a fourth of his base pay?

The way this situation is graduated and everything, nobody will ever get rich on this and no one should ever worry about remarriage because it isn't that big a deal for anyone. The fact that we have this mixture of thoughts on this, and this is very strong with some of the committee members and all, it's puzzling to me because who has made a greater sacrifice than somebody who has lost a husband on active duty and is left high and dry?

So many of these people, when these things happen, you know, they aren't just young kids just out of school. A lot of them have been fliers and they've been fairly young and whatnot and they say that wife can adjust, so she can go on to something else.

But this sort of thing happens to a lot of people with children, they have the VA Bill of Rights for education for widows. This is a little ineffectual because so many of those people have been busy raising children that they couldn't take advantage of that.

Then to think that they can get along on this small amount of money, it's very hard to get back into the job market. Talk about finding a husband, many of them can't. When you hit 40, most of these widowers are marrying people much younger.

Mr. **Bergquist**. I think the basic argument for the bill, No. 1, the spouse who receives—husband gets the Medal of Honor, he receives the $200 pension and that's really just sort of a recognition by the Government—whereas the individual who receives the award posthumously—wife gets a ceremony on the White House lawn——

Ms. **Arthurs**. You know, we have a lot of widows that are not receiving anything whose husbands have had 20, 30, and 40 years in the service and because we didn't have an equitable survivor benefit program really until 1972—I'm all for giving this to the Medal of Honor widows, but I do wish while they're doing it, they would do something to—we have a bill that's in the Armed Services Committee, I realize it's not in yours, but—that would help some of these widows who are having a very difficult time, who have really devoted their lives to the service, too.

Mr. **Bergquist**. Let me ask, what are your views on the PVA's suggestion to expand DIC benefits to include spinal cord injury veterans who died within 10 years—the onset—service connection—but not from the service-connected disability? It may be a very technical question and you can just pass on that.

Mr. **Beilke**. I think we'll pass.

Mr. **Bergquist**. The staff would like to thank Mr. Beilke and Mr. Wanamaker for their informative charts provided—concerning S. 1317.

I wonder if you would care to comment on the opposition to this bill by certain veterans groups——

Mr. **Beilke**. Well, Mr. Bergquist, I think in my statement, the argument itself that when the widow remarries, her financial responsibilities are picked up by her new husband and my question to that is, why is that husband's responsibility to her only while he is alive because once he dies, she reinstitutes the DIC, and therefore, conceivably, we could have a young widow, 20, 21. By the time she's 27 will remarry, stay married for 50 years, and then when he dies, she reinstitutes DIC.

The number of DIC widows that we have out there now, if they have not remarried after 20, 30, or 40 years, I got my doubts whether these widows are going to remarry. I think the majority of them will be the widows whose husband probably died in retirement, somewhere between 55 and 60. These widows may remarry.

But to go back to the original statement, the fact that a woman can be remarried for 20, 30, 40 years and then still be able to pick up DIC, I think blunts the argument that once they reach age 60 or 62, the number that are going to remarry are so small that I think this Nation can afford it. Thank you.

Ms. **Arthurs**. Well, frankly, I was shocked and appalled and I intend to take this up with them about this business.

Mr. **Bergquist**. I would suggest taking it up with the auxiliaries.

Ms. **Arthurs**. Well, yes, because really, when you think, what are we talking about? A woman 62 or 60 or 62, it just shows you that these people don't know what they're talking about because they aren't apprised of the situation of a woman 62.

In the first place, she's getting older and her main concern is getting to the doctor to find out about her latest aches and pains. It's very difficult to find anybody interested in marrying a widow at 62. I deal with widows all the time, but remarriage, forget it.

Nobody knows—we seldom find anybody that remarries. This bill you have is really more just a complimentary compassionate operation. As far as the number of widows that will be remarried that can remarry, why, it's negligible.

Ms. **Olson**. I think I can in some way understand the feelings that they have that this is something that came from their service to the country. However, I think that is a little bit of a shortsighted viewpoint in that when a man and woman are married, the income from whichever party is going to the sustenance of that family, it's that unit, not necessarily his or hers, and therefore this is what he has been working for in support of this family and that should he die, it was his earnings and whatever should have been awarded to him that should continue to support his family to keep it going.

Mr. **Wanamaker**. I gathered that they believe that if you give the money to the widow, that you're taking some money away, the same amount of money, or some money that would have otherwise been available for the veteran himself.

I'd say this, the veteran who gave his life, what better way could you provide him with solace than to take care of his widow or if he was out in combat laying there and expected to give his life, if he knew for sure that his widow was going to be taken care of, I can't think of a better way of doing it.

I can't understand their organization saying that this would detract from the benefits of a veteran. To me, I think taking care of his widow is a tremendous benefit.

Mr. **Bergquist**. Perhaps it's an ego thing——

Mr. **Wanamaker**. I don't agree with that. There are widows out there that are living in sin. We've got to recognize that. The rest of the Government has recognized this and done something about it. This committee just has not done it. I think you ought to get in line with the rest——

Mr. **Bergquist**. It's a difficult thing to do when major veterans organizations line up——

I would like to thank you all for your testimony. Were I authorized to declare the committee meeting over, I would do so.

[Whereupon, the hearing was adjourned at 11:29 a.m.]

[The following prepared statements and other related materials were submitted for the hearing record:]

PREPARED STATEMENT OF RICHARD W. JOHNSON, JR., NATIONAL LEGISLATIVE DIRECTOR, NON COMMISSIONED OFFICERS ASSOCIATION OF THE USA

The Non Commissioned Officers Association of the USA (NCOA) deeply appreciates this opportunity to present its views on benefit increases and other improvements in veterans compensation and Dependency and Indemnity Compensation (DIC) programs. As the Nation's fourth largest accredited National Veterans Service organization, NCOA is sincerely concerned about the method used to provide annual increases to compensation and DIC recipients. The Association is also concerned with the basic structure of the DIC program.

As the Senate Veterans Affairs Committee begins its annual reviews of the compensation programs, NCOA is pleased to announce its support for an 11.2 percent benefits increase. However, as the day for final legislative action approaches, the Association will support a larger increase if it is determined by the Congress to be necessary. While this statement of support is somewhat ambiguous it is necessitated by the circumstances under which the committee is meeting.

The annual review is generally the first step toward providing a cost-of-living (COL) increase in payments based on inflation as measured by increases in the Consumer Price Index (CPI). It also gives members of the committee the opportunity to review the actual workings of the program. Then, as a result of input from the Veterans Administration (VA) and service organizations like NCOA, improvements are made as they are needed. This year NCOA believes two changes need to be made. One involves changing the basic structure of the DIC program. The other involves changing the annual process of Congressional review used to determine COL increases.

Through the years this process has been a sound one. From time to time Congress has even been able to project the CPI increase accurately enough to provide a COL increase that exactly offsets inflation. More often the projection only comes close and the beneficiary ends up gaining or losing one or two percent. In all fairness the overall accuracy of the system must be conceded. Compensation and DIC beneficiaries, by most measures, are within five percent of the actual COL increase since 1970. However, indexing might be a better answer.

Indexing in this context describes a popular trend toward providing automatic increases in federal benefits and retirement programs. According to U.S. News & World Report almost 70 million Americans are covered by programs that are indexed. For example, veterans pension programs are indexed and COL increases are automatically awarded each year based on actual increases measured by the CPI. Last year veteran's pension recipients received larger COL increases than some compensation beneficiaries as a result of indexing. So did social security beneficiaries.

Proponents of the annual Congressional review system argue that if the program is indexed, it will be forgotten. They allege that Congress will lose sight of the program problems and deficiencies. This is not likely.

More than 2.3 million veterans receive compensation and another 357,000 survivors recieve DIC payments. Almost $10 billion will be paid in these programs during the 1982 fiscal year. This amount represents nearly half of the VA budget. Reasonable people will not argue that such a program will be allowed to exist without constant review. Yet reasonable people will argue that veterans and their survivors are entitled to the same inflation protection as other federal beneficiaries. Indeed, a recent GAO report listed compensation programs as already indexed. Accordingly, the time has come for Congress to index veterans compensation and DIC payments.

Indexing is only the first step toward providing equity to DIC beneficiaries. Indeed, the whole structure of the DIC program is in need of renovation.

DIC payments are made on a graduated scale based on the rank the deceased veteran held at time of death or discharge from the armed forces. There are no considerations given to the degree or type of disability which led to the veterans death. There is no consideration given to how the disability was incurred or to the length of time it existed. Hence, two survivors of veterans with similiarly disabling conditions will receive different rates of compensation. The widow of an enlisted man killed in Vietnam will receive less in compensation than the widow of an officer killed in an automobile accident on our Nation's highways. Worse yet, the widow of a senior noncommissioned officer who had given 18 years in the service before death will receive less than the surviving spouse of a lieutenant who served only two years. These are but a few of the inequitable disparities that exist in the system. Regretably, it is easier to identify the disparities than to find a remedy.

Since 1974 when NCOA first pointed out this problem in testimony before the House Veterans Affairs Committee, there have been a number of suggestions advanced. One study mandated by Congress with the passage of Public Law 94-433 took more than a year to conduct. It determined that widows of junior officers were generally better educated than enlisted mens wives in their age group. It found that they had fewer children and larger personal earnings. The study found that the surviving spouses of senior officers generally had the largest incomes from other sources. Generally speaking, the study found that the largest DIC payments were being made to survivors in a relationship inverse to need. Yet the study concluded that the current system should be retained— not because it was best— because it was the least objectionable.

Still, many organizations believe there is a better method of payments available. One of the most popular is to reduce the number of pay brackets from 28 to four. We could probably support that if the groups went E-1 to E-5, O-1 to O-3, E-6 to E-9, and O-4 to O-10. This structure would recognize the years of service of the senior enlisted member but in reality it still would perpetuate many of the current problems.

Another suggestion has been to pay the surviving spouse a percentage of the disability compensation the veteran was receiving. This idea would probably be fine for the survivor of a veteran who was rated at 60 percent or more, But, it does little to compensate the survivor of a veteran who had a ten percent rating for hypertension and died of a stroke. Neither will it work for the service member who dies on active duty.

In the final analysis, the most appropriate from of DIC is probably a single payment to all survivors or a floored payment based on the survivors income.

Whatever the answer is, Congress should seek a better method of payment. With this in mind, NCOA asks the committee to mandate a new study of the DIC program to suggest and discuss possible alternatives to the current system.

PREPARED STATEMENT OF DONALD L. HARLOW, EXECUTIVE DIRECTOR, AIR FORCE SERGEANTS ASSOCIATION

Mr. Chairman, distinguished members of the committee;

I am Donald L. Harlow, Executive Director of the Air Force Sergeants Association, representing over 157,000 enlisted men and women and their dependents.

We are indeed grateful for the opportunity to provide our views on the importance of S. 917 to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; S. 1316 to authorize the Veterans Administration to guarantee home loans with provisions for graduated-payment plans, and S. 1317 to provide that remarriage of the surviving spouse of a veteran after age sixty-two shall not result in termination of dependency and indemnity compensation.

S. 917, "Veterans' Disability Compensation and Survivors' Benefits Amendments of 1981" is an Administration proposal which would:

a. Increase by 11.2 percent the basic rates of monthly compensation payable to veterans for service-connected disabilities, as well as the additional amounts authorized for veterans with dependents;

b. Increase by the same percentage the monthly rates of Dependency and Indemnity Compensation (DIC) payable to surviving spouses and children of veterans whose deaths were service connected, and also the rates of compensation payable to certain surviving spouses and the surviving children of certain veterans who died of non-service-connected causes but were rated as totally disabled due to service-connected causes at death;

c. Increase the annual clothing allowance to certain veterans wearing or using prosthetic or orthopedic appliances, also by 11.2 percent;

d. Reduce costs by the elimination of certain duplications of DIC payments; and

e. Reduce administrative costs associated with recomputation and collection of overpayments necessary when a child is retroactively added to a class of dependents entitled to DIC.

Mr. Chairman, the Air Force Sergeants Association considers administration of the disability compensation and DIC programs to be among its most important benefits. The nation rightfully acknowledges a great sense of obligation toward those disabled in the cause of her defense, and to the survivors of those who have made the supreme sacrifice as the result of this service.

S. 1316 would authorize the Veterans Administration to guarantee home loans with provisions for graduated-payment mortgages. This measure is similar to H.R. 2039 which was passed by the House of Representatives on June 2, 1981. We have consistently construed the present law as mandating that each VA-guaranteed loan be repaid in approximately equal monthly installments.

S. 1316 appears to be patterned after the National Housing Act which permits graduated-payment mortgages on loans insured by the Secretary of Housing and Urban Development. During the early years of the loan, a portion of the interest due on the loan each month is deferred and added to the principal balance. This results in initial monthly payments which are lower than the corresponding monthly payments on a traditional mortgage. The monthly payments will increase periodically, usually annually, to successively higher levels. After a certain number of years, the payments will level off and continue at that level for the duration of the loan.

In setting the maximum loan which VA may guarantee under S. 1316, VA may take into account projected increases in the value of the property being purchased. This will permit VA to liberalize downpayment requirements, while still maintaining the concept that VA home loans be adequately secured.

This bill would also exempt graduated-payment loans from certain restrictive provisions of State laws, e.g., prohibitions of charging interest on interest, or requirements for a minimum loan amortization. Graduated-payment loans insured by HUD of the National Housing Act currently enjoy such an exemption.

A graduated-payment plan, as is proposed by S. 1316, may be of benefit to younger, lower-income veterans who can reasonably anticipate increased income in later years through job advancement.

S 1317 would provide for continuation of payment of dependency and indemnity compensation (DIC) benefits to recipient surviving spouses age 62 or over who remarry. Under current law, remarriage of a surviving spouse terminates entitlement to DIC benefits, although payment may be resumed if the remarriage is terminated by death or divorce.

Until 1970, remarriage constituted a permanent bar to the payment of VA gratuitous benefits to veterans' surviving spouses. Public Law 91-376, enacted in that year, provided for the restoration of DIC (or pension) benefits if the remarriage is terminated by death or divorce. Thus, a surviving spouse may enter a second marriage without fear of economic deprivation should the second marriage end. This provision is especially beneficial to older surviving spouses who would tend to remarry persons of advanced years.

S. 1317 appears to be a logical extension of the beneficial provisions of Public Law 91-376. When a surviving spouse of advanced age remarries, termination of DIC may impose severe financial hardship. The new spouse, similarly advanced in age, is generally preparing for retirement or already retired. The remarried surviving spouse's age generally precludes employment to supplement the loss of DIC. S. 1317 provides a remedy that would enable the remarried surviving spouse to remain at an economic level in existence prior to the remarriage. Thus, we recommend the enactment of S. 1317, however, we further recommend that the permissable age for which a widow may remarry and continue to receive DIC payments be lowered to age 60 to be compatible with both Social Security and SBP laws.

We realize the continuation of DIC benefits in the event of remarriage would not be retroactive to any date prior to the date of the enactment of the liberalizing legislation.

In summary, Mr. Chairman, we are aware that this committee is considering S. 112, S. 415, S. 416, S. 779, S. 911, S. 915, S. 1297 and S. 1315, and on behalf of the membership of the Air Force Sergeants Association, we strongly recommend your favorable consideration on these important pieces of legislation.

In closing, I would like to thank you again for the opportunity of representing the membership of the Air Force Sergeants Association on these important issues.

II

Calendar No. 200

97TH CONGRESS
1ST SESSION

S. 917

[Report No. 97-153]

To amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 8 (legislative day, FEBRUARY 16), 1981

Mr. SIMPSON (for himself, Mr. CRANSTON, Mr. THURMOND, Mr. STAFFORD, Mr. KASTEN, Mr. DENTON, Mr. MURKOWSKI, Mr. SPECTER, Mr. RANDOLPH, Mr. MATSUNAGA, Mr. DECONCINI, and Mr. MITCHELL) (by request) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

JULY 16 (legislative day, JULY 8), 1981

Reported by Mr. SIMPSON, with an amendment and an amendment to the title

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

~~That (a) this Act may be cited as the "Veterans' Disability Compensation and Survivors' Benefits Amendments of 1981".~~

~~(b) Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.~~

~~TITLE I—VETERANS' DISABILITY COMPENSATION BENEFITS~~

~~RATES OF DISABILITY COMPENSATION~~

~~SEC. 101. (a) Section 314 is amended—~~

~~(1) by striking out "$54" in subsection (a) and inserting in lieu thereof "$60";~~

~~(2) by striking out "$99" in subsection (b) and inserting in lieu thereof "$110";~~

~~(3) by striking out "$150" in subsection (c) and inserting in lieu thereof "$167";~~

~~(4) by striking out "$206" in subsection (d) and inserting in lieu thereof "$229";~~

~~(5) by striking out "$291" in subsection (e) and inserting in lieu thereof "$324";~~

~~(6) by striking out "$367" in subsection (f) and inserting in lieu thereof "$408";~~

~~(7) by striking out "$434" in subsection (g) and inserting in lieu thereof "$483";~~

~~(8) by striking out "$503" in subsection (h) and inserting in lieu thereof "$559";~~

~~(9) by striking out "$566" in subsection (i) and inserting in lieu thereof "$629";~~

~~(10) by striking out "$1,016" in subsection (j) and inserting in lieu thereof "$1,130";~~

~~(11) by striking out "$1,262" and "$1,768" in subsection (k) and inserting in lieu thereof "$1,403" and "$1,966", respectively;~~

~~(12) by striking out "$1,262" in subsection (l) and inserting in lieu thereof "$1,403";~~

~~(13) by striking out "$1,391" in subsection (m) and inserting in lieu thereof "$1,547";~~

~~(14) by striking out "$1,581" in subsection (n) and inserting in lieu thereof "$1,758";~~

~~(15) by striking out "$1,768" each place it appears in subsections (o) and (p) and inserting in lieu thereof "$1,966";~~

~~(16) by striking out "$759" and "$1,130" in subsection (r) and inserting in lieu thereof "$844" and "$1,257", respectively;~~

~~(17) by striking out "$1,137" in subsection (s) and inserting in lieu thereof "$1,264"; and~~

~~(18) by striking out "$219" in subsection (t) and inserting in lieu thereof "$244".~~

~~(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.~~

~~RATES OF ADDITIONAL COMPENSATION FOR DEPENDENTS~~

~~SEC. 102. Section 315 (1) is amended—~~

~~(1) by striking out "$62" in clause (A) and inserting in lieu thereof "$69";~~

~~(2) by striking out "$104" in clause (B) and inserting in lieu thereof "$116";~~

~~(3) by striking out "$138" in clause (C) and inserting in lieu thereof "$153";~~

~~(4) by striking out "$173" and "$34" in clause (D) and inserting in lieu thereof "$192" and "$38", respectively;~~

~~(5) by striking out "$42" in clause (E) and inserting in lieu thereof "$47";~~

~~(6) by striking out "$77" in clause (F) and inserting in lieu thereof "$86";~~

~~(7) by striking out "$111" and "$34" in clause (G) and inserting in lieu thereof "$123" and "$38", respectively;~~

~~(8) by striking out "$50" in clause (H) and inserting in lieu thereof "$56";~~

~~(9) by striking out "$112" in clause (I) and inserting in lieu thereof "$125"; and~~

~~(10) by striking out "$94" in clause (J) and inserting in lieu thereof "$105".~~

~~CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS~~

~~SEC. 103. Section 362 is amended by striking out "$274" and inserting in lieu thereof "$305".~~

~~TITLE II—SURVIVORS' DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS~~

~~RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES~~

~~SEC. 201. (a) Subsection (a) of section 411 is amended to read as follows:~~

~~"(a) Dependency and indemnity compensation shall be paid to a surviving spouse, based on the pay grade of the person upon whose death entitlement is predicated, at monthly rates set forth in the following table:~~

~~"Pay grade~~	~~Monthly rate~~	~~Pay grade~~	~~Monthly rate~~
~~E-1~~	~~$415~~	~~W-4~~	~~$595~~
~~E-2~~	~~$428~~	~~O-1~~	~~$525~~
~~E-3~~	~~$438~~	~~O-2~~	~~$542~~
~~E-4~~	~~$466~~	~~O-3~~	~~$580~~
~~E-5~~	~~$479~~	~~O-4~~	~~$613~~
~~E-6~~	~~$490~~	~~O-5~~	~~$676~~
~~E-7~~	~~$514~~	~~O-6~~	~~$761~~
~~E-8~~	~~$542~~	~~O-7~~	~~$824~~
~~E-9~~	[1] ~~$567~~	~~O-8~~	~~$903~~
~~W-1~~	~~$525~~	~~O-9~~	~~$970~~
~~W-2~~	~~$546~~	~~O-10~~	[2] ~~$1,061~~
~~W-3~~	~~$563~~		

~~"[1] If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $610.~~

~~"[2] If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,138.".~~

~~(b) Subsection (b) of such section is amended by striking out "$43" and inserting in lieu thereof "$48".~~

~~(c) Subsection (c) of such section is amended by striking out "$112" and inserting in lieu thereof "$125".~~

~~(d) Subsection (d) of such section is amended by striking out "$56" and inserting in lieu thereof "$62".~~

~~RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN~~

~~SEC. 202. Section 413 is amended—~~

~~(1) by striking out "$189" in clause (1) and inserting in lieu thereof "$210";~~

~~(2) by striking out "$271" in clause (2) and inserting in lieu thereof "$301";~~

~~(3) by striking out "$350" in clause (3) and inserting in lieu thereof "$389"; and~~

~~(4) by striking out "$350" and "$71" in clause (4) and inserting in lieu thereof "$389" and "$79", respectively.~~

~~RATES OF SUPPLEMENTAL DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN~~

~~SEC. 203. Section 414 is amended—~~

~~(1) by striking out "$112" in subsection (a) and inserting in lieu thereof "$125";~~

~~(2) by striking out "$189" in subsection (b) and inserting in lieu thereof "$210"; and~~

~~(3) by striking out "$96" in subsection (c) and inserting in lieu thereof "$107".~~

~~MISCELLANEOUS DEPENDENCY AND INDEMNITY COMPENSATION AMENDMENTS~~

~~SEC. 204. Section 413 is further amended by inserting "(a)" immediately before "Whenever", and by adding at the end thereof the following new subsection (b):~~

~~"(b) If dependency and indemnity compensation has been awarded to a veteran's child or children under this section, and the entitlement of an additional child is later established effective retroactively, the retroactive award payable to the additional child shall equal the difference between the total of the increased award for the retroactive period and the prior total award for that period.".~~

~~SEC. 205. Section 414(c) is further amended by adding the following at the end thereof: "However, if during the month in which such child reaches age eighteen he or she is also being considered a child below age eighteen for purposes of additional dependency and indemnity compensation for a surviving spouse under subsection 411(b) of this chapter, the amount of the child's award for that month will be reduced by an amount equal to the surviving spouse's additional award, for the same month, attributable to the child.".~~

~~TITLE III—EFFECTIVE DATE~~

~~SEC. 301. The amendments made by this Act shall apply only to payments for months beginning after September 30, 1981.~~

That (a) this Act may be cited as the "Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981".

(b) Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—VETERANS' DISABILITY COMPENSATION BENEFITS

RATES OF DISABILITY COMPENSATION

SEC. 101. (a) Section 314 is amended—

(1) by striking out "$54" in subsection (a) and inserting in lieu thereof "$60";

(2) by striking out "$99" in subsection (b) and inserting in lieu thereof "$110";

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(17) by striking out "$1,137" in subsection (s) and inserting in lieu thereof "$1,264"; and

(18) by striking out "$219" in subsection (t) and inserting in lieu thereof "$244".

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85–857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

RATES OF ADDITIONAL COMPENSATION FOR DEPENDENTS

SEC. 102. Section 315(1) is amended—

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(9) by striking out "$112" in clause (I) and inserting in lieu thereof "$125"; and

(10) by striking out "$94" in clause (J) and inserting in lieu thereof "$105".

CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS

SEC. 103. Section 362 is amended by striking out "$274" and inserting in lieu thereof "$305".

INCREASE COMPENSATION PAYABLE TO CERTAIN SEVERELY DISABLED VETERANS

SEC. 104. Section 314 is amended—

(1) by striking out "both hands, or" in subsection (l);

(2) by amending subsection (m) by inserting "of both hands, or has suffered the anatomical loss or loss of use" after "use";

(3) by amending subsection (n)—

(A) by inserting "or loss of use of both arms at a level, or with complications, preventing natural elbow action with prosthesis in place, or has suffered the anatomical loss" after "loss" the first place it appears; and

(B) by inserting a comma after "appliance"; and

(4) by inserting after the comma following "less" in subsection (o) "or if the veteran has suffered the anatomical loss of both arms so near the shoulder as to prevent the use of a prosthetic appliance,".

TITLE II—SURVIVORS' DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS

RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES

SEC. 201. (a) Subsection (a) of section 411 is amended to read as follows:

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E-4	$466	O-3	$580
E-5	$479	O-4	$613
E-6	$490	O-5	$676
E-7	$514	O-6	$761
E-8	$542	O-7	$824
E-9	[1] $567	O-8	$903
W-1	$525	O-9	$970
W-2	$546	O-10	[2] $1,061
W-3	$562		

“[1] If the veteran served as sergeant major of the Army, senior enlisted adviser of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $610.

“[2] If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,138”.

(b) Subsection (b) of such section is amended by striking out “$43” and inserting in lieu thereof “$48”.

(c) Subsection (c) of such section is amended by striking out "$112" and inserting in lieu thereof "$125".

(d) Subsection (d) of such section is amended by striking out "$56" and inserting in lieu thereof "$62".

RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

SEC. 202. Section 413 is amended—

(1) by striking out "$189" in clause (1) and inserting in lieu thereof "$210";

(2) by striking out "$271" in clause (2) and inserting in lieu thereof "$301";

(3) by striking out "$350" in clause (3) and inserting in lieu thereof "$389"; and

(4) by striking out "$350" and "$71" in clause (4) and inserting in lieu thereof "$389" and "$79", respectively.

RATES OF SUPPLEMENTAL DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

SEC. 203. Section 414 is amended—

(1) by striking out "$112" in subsection (a) and inserting in lieu thereof "$125";

(2) by striking out "$189" in subsection (b) and inserting in lieu thereof "$210"; and

(3) by striking out "$96" in subsection (c) and inserting in lieu thereof "$107".

TITLE III—AUTOMOBILE ASSISTANCE AND ADAPTIVE EQUIPMENT AMENDMENTS

Sec. 301. Section 1902 is amended—

(1) by striking out "he" each place it appears and inserting in lieu thereof "the Administrator";

(2) by striking out "$3,800" in subsection (a) and inserting in lieu thereof "$5,000"; and

(3) by amending subsection (b)—

(A) by inserting "(1)" before "The";

(B) by striking out "his" and inserting in lieu thereof "such person's"; and

(C) by adding at the end the following new paragraph:

"(2) In the case of any veteran (other than an eligible person) who is entitled to compensation under chapter 11 of this title for ankylosis of one or both knees, or one or both hips, the Administrator, under the terms and conditions set forth in section 1903 (a), (c), and (d) of this title and under regulations which the Administrator shall prescribe, shall provide such adaptive equipment to overcome the disability resulting from such ankylosis as is (A) necessary to meet the applicable standards of licensure established by the State of such veteran's residency or other proper licensing authority for the operation of such veteran's automobile or other conveyance by such veteran, or (B) determined to be necessary

by the Chief Medical Director for the safe operation of such automobile or other conveyance by such veteran.".

SEC. 302. Section 1903(b) is amended by striking out "he" and inserting in lieu thereof "the Administrator" and striking out "his" both places it appears and inserting in lieu thereof "such person's".

TITLE IV—VETERANS' ADMINISTRATION HOUSING BENEFITS AMENDMENTS

ESTABLISHMENT OF GRADUATED-PAYMENT PLANS IN VETERANS' ADMINISTRATION LOAN GUARANTY PROGRAM

SEC. 401. Section 1803(d)(2) is amended—

(1) by inserting "(A)" after "(2)"; and

(2) by adding at the end the following new subparagraphs:

"(B) The Administrator may guarantee loans with provisions for various rates of amortization corresponding to anticipated variations in family income. With respect to any loan guaranteed under this subparagraph—

"(i) the initial principal amount of the loan may not exceed the reasonable value of the property as of the time the loan is made; and

"(ii) the principal amount of the loan thereafter (including the amount of all interest to be deferred and added to principal) may not at any time be scheduled to exceed the projected value of the property.

"(C) For the purposes of subparagraph (B) of this paragraph, the projected value of the property shall be calculated by the Administrator by increasing the reasonable value of the property as of the time the loan is made at a rate not in excess of 2.5 per centum per year, but in no event may the projected value of the property for the purposes of such subparagraph exceed 115 per centum of such reasonable value. A loan made for a purpose other than the acquisition of a single-family dwelling unit may not be guaranteed under such subparagraph.".

SEC. 402. Section 1828 is amended—

(1) by inserting "(1)" after "constitution or law"; and

(2) by inserting "(2) restricting the manner of calculating such interest (including prohibition of the charging of interest on interest), or (3) requiring a minimum amortization of principal," after "lenders,".

INCREASE IN MAXIMUM AMOUNTS OF VETERANS' SPECIALLY ADAPTED HOUSING ASSISTANCE

SEC. 403. Section 802 is amended—

(1) by amending subsection (a)—

(A) by striking out "$30,000" and inserting in lieu thereof "$35,000";

(B) by striking out "him" each place it appears and inserting in lieu thereof "such veteran"; and

(C) by striking out "his" in clause (3) and inserting in lieu thereof "such veteran's"; and

(2) by striking out "(2)" in subsection (b).

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 404. Section 1826 is amended—

(1) by striking out subsection (a) in its entirety; and

(2) by striking out "(b)" in subsection (b).

TITLE V—MISCELLANEOUS PROVISIONS

CONTINUED PAYMENT OF PENSION TO CERTAIN HOSPITALIZED VETERANS WHO ARE UNDERGOING A PRESCRIBED PROGRAM OF REHABILITATION

SEC. 501. Paragraph (1) of section 3203(a) is amended by adding at the end the following new subparagraph:

"(D) For the purposes of subparagraphs (B) and (C) of this paragraph, no period of time that does not exceed one hundred and eighty days within any twelve-month period shall be counted as time during which a veteran is being furnished hospital or nursing home care if the Administrator determines that the primary purpose for the furnishing of such care during such period of time is for the Veterans' Administration to provide such veteran with a prescribed pro-

gram of rehabilitation services, under chapter 17 or 31 of this title, designed to restore such veteran's ability to function within such veteran's family and community.".

HEADSTONES AND MARKERS IN CERTAIN CASES

SEC. 502. Subsection (b) of section 906 is amended to read as follows:

"(b) The Administrator shall furnish, when requested, an appropriate memorial headstone or marker to commemorate any veteran—

"(1) whose remains have not been recovered or identified;

"(2) whose remains were buried at sea, whether by the veteran's own choice or otherwise;

"(3) whose remains were donated to science; or

"(4) whose remains were cremated and the ashes scattered without interment of any portion of the ashes,

for placement by the applicant in a national cemetery area reserved for such purposes under the provisions of section 1003 of this title, or in any private or local or State cemetery.".

SEC. 503. Subsection (a) of section 1003 is amended to read as follows:

"(a) The Administrator shall set aside, when available, suitable areas in national cemeteries to honor the memory of veterans—

"(1) who are missing in action;

"(2) whose remains have not been recovered or identified;

"(3) whose remains were buried at sea, whether by the member's own choice or otherwise;

"(4) whose remains were donated to science; or

"(5) whose remains were cremated and the ashes scattered without interment of any portion of the ashes.".

RADIATION LITERATURE REVIEW

SEC. 504. (a)(1) The Administrator of Veterans' Affairs shall conduct a comprehensive review and scientific analysis of the literature covering studies already conducted or underway relating to the long-term adverse health (including genetic and psychological) effects in humans of exposure to radiation, including nuclear device, medical, and occupational exposures.

(2) The Administrator may, in carrying out the review and analysis of the literature provided for in paragraph (1), enter into such contracts or agreements with private or public agencies or persons for such necessary services, including the conduct of, in whole or in part, such review and analysis, as the Administrator considers appropriate.

(b) In conducting the review and analysis of the literature provided for in subsection (a), the Administrator shall

provide for all appropriate coordination and consultation with other departments, agencies, and instrumentalities of the Federal Government that are conducting or have conducted scientific studies relating to the adverse health effects in humans of exposure to radiation.

(c)(1) Not later than ninety days after the date of the enactment of this Act, the Administrator shall submit to the appropriate committees of the Congress a report containing a description of the steps taken and plans made to assure the coordination and consultation required under subsection (b).

(2)(A) Not later than eighteen months after the date of the enactment of this Act, the Administrator shall submit to the appropriate committees of the Congress a report on the literature review and analysis conducted under subsection (a), together with such comments and recommendations for administrative or legislative action, or both, as the Administrator considers appropriate, including recommendations regarding the need for the Administrator to carry out additional research in any areas in which the Administrator determines that the report indicates such research is necessary for the resolution of questions as to whether certain significant adverse long-term health effects result from exposure to radiation.

(B) The Administrator shall submit copies of such report to the departments, agencies, and instrumentalities de-

scribed in subsection (b) and shall recommend to the appropriate such departments, agencies, and instrumentalities that they carry out any such additional research.

(3)(A)(i) Not later than ninety days after the submission of the report required by paragraph (2), the Administrator shall, based on the information described in such report, develop and publish in the Federal Register, for public review and comment, proposed regulations containing proposed guidelines, standards, and other criteria (together with an explanation of the bases for such proposed guidelines, standards, and criteria) for resolving claims for benefits administered by the Veterans' Administration based on exposure during service in the Armed Forces of the United States to radiation from nuclear devices.

(ii) Proposed regulations developed and published pursuant to division (i) of this subparagraph shall include specification of any presumptions (including any presumptions regarding service and exposure) to be applied to the resolution of the claims to which such proposed guidelines, standards, and criteria in such proposed regulations apply.

(B)(i) Not later than ninety days after the completion of the public review and comment process provided for in subparagraph (A)(i), the Administrator shall publish in the Federal Register final regulations containing the guidelines, standards, and other criteria (together with an explanation of

the bases for such guidelines, standards, and criteria) for resolving the claims involved.

(ii) On the same day as final regulations are published as required by division (i) of this subparagraph, the Administrator shall submit to the appropriate committees of the Congress any recommendations for legislative action that the Administrator considers appropriate in light of the guidelines, standards, and criteria contained in such regulations, the report submitted pursuant to paragraph (2) of this subsection, and any other available pertinent information.

(C) Nothing in subparagraph (A) shall be considered to limit in any way the discretion and authority of the Administrator to promulgate or prescribe regulations, guidelines, standards, or other criteria for resolving any claims described in subparagraph (A)(i) at any time earlier than the time prescribed in subparagraph (A) for the publication of the proposed regulations described in such subparagraph.

MINIMUM ACTIVE-DUTY SERVICE REQUIREMENT

SEC. 505. (a) Chapter 53 is amended by inserting after section 3103 the following new section:

"§ 3103A. Minimum active-duty service requirement

"(a) Notwithstanding any other provision of law, the requirements for eligibility for or entitlement to any benefit under this title or other laws administered by the Veterans' Administration based on the duration of the active duty in

one of the Armed Forces of a person who initially enters such active duty after September 7, 1980, shall be exclusively as prescribed in this title.

"(b)(1) Except as provided in paragraph (2) of this subsection, a person who initially enters active duty in one of the Armed Forces after September 7, 1980, shall not, by reason of such active duty, be provided with any benefit under this title or other laws administered by the Veterans' Administration—

"(A) if such person's initial period of enlistment or other initial period of obligated service is for twenty-four or more months of active duty and such person is discharged or released from active duty before completing at least twenty-four months of such person's obligated period of active duty; or

"(B) if such person's initial period of enlistment or other initial period of obligated service is for less than twenty-four months of active duty and such person is discharged or released from active duty before completing the full period of such enlistment or other obligated service.

"(2) Paragraph (1) of this subsection shall not apply to—

"(A) any person who is discharged or released from active duty (i) under section 1171 or 1173 of title 10, or (ii) because of a service-connected disability;

"(B) any person who has a disability that the Administrator has determined to be compensable under chapter 11 of this title;

"(C) a commissioned or warrant officer who initially enters a period of active duty prior to October 1, 1981;

"(D) the provision of any benefit for or on account of any service-connected disability or condition;

"(E)(i) the continuation of insurance pursuant to section 768(a)(1)(A) of this title; or

"(ii) the right to designate or change the designation of a beneficiary or beneficiaries pursuant to section 770(a) of this title; or

"(F) any benefit provided under applicable law prior to October 1, 1981.

"(c)(1) Except as provided in subsection (b)(2) of this section and paragraph (2) of this subsection, no dependent or survivor of a person as to whom paragraph (1) of subsection (b) of this section requires the denial of benefits shall, by reason of such person's period of active duty, be provided with any benefit under this title or other laws administered by the Veterans' Administration.

"(2) Paragraph (1) of this subsection shall not apply to—

"(A) the survivors or dependents of a person to whom paragraph (1) of subsection (b) of this section is made inapplicable by paragraph (2) (A), (B), or (C) of such subsection;

"(B) benefits under chapters 13, 17, 35, and 37 and sections 907 and 908 of this title; or

"(C) the payment of insurance pursuant to section 768(a)(1)(A) of this title.

"(d) For the purposes of this section, the term 'benefit' includes a right or privilege but does not include a refund or payment, pursuant to section 1623, 1624, or 1625 of this title, of a participant's contributions to the educational benefits program provided by chapter 32 of this title.".

(b) No provisions of the amendment made by subsection (a) of this section shall be construed as requiring (or as authorizing any official or employee of the Federal Government to request) any person to repay the United States Government for a benefit, right, or privilege which was provided prior to October 1, 1981.

(c) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 3103 the following:

"3103A. Minimum active-duty service requirement.".

TITLE VI—EFFECTIVE DATES

SEC. 601. (a) Except as provided in subsections (b) and (c) of this section, the amendments made by this Act shall take effect on the date of enactment of this Act.

(b) The provisions of titles I and II and sections 301, 401, 402, and 403 shall take effect on October 1, 1981.

(c) The amendments made by sections 502 and 503 shall take effect on October 1, 1981, and shall apply with respect to veterans dying before, on, or after such date.

Amend the title so as to read: "A bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment plans; to increase the maximum amount payable in Veterans' Administration specially adapted housing assistance; to expand eligibility for memorial markers; and for other purposes.".

APPENDIX B

Calendar No. 200

97TH CONGRESS
1st Session

SENATE

REPORT
No. 97-153

VETERANS' DISABILITY COMPENSATION, HOUSING, AND MEMORIAL BENEFITS AMENDMENTS OF 1981

REPORT

OF THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

TO ACCOMPANY

S. 917

JULY 16 (legislative day, JULY 8), 1981.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
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Calendar No. 200

97TH CONGRESS } SENATE { REPORT
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VETERANS' DISABILITY COMPENSATION, HOUSING, AND MEMORIAL BENEFITS AMENDMENTS OF 1981

JULY 16 (legislative day, JULY 8), 1981.—Ordered to be printed

Mr. SIMPSON, from the Committee on Veterans' Affairs, submitted the following

REPORT

[To accompany S. 917]

The Committee on Veterans' Affairs, to which was referred the bill (S. 917) to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a committee substitute, and an amendment to the title, and recommends that the bill, as amended, do pass.

COMMITTEE AMENDMENTS

The amendments are as follows:

Strike out all after the enacting clause as follows:

* * * * * * *

INTRODUCTION

S. 917 was introduced on April 8, 1981, by Senator Alan Simpson, Chairman of the Committee on Veterans' Affairs, at the Administration's request. As introduced, the bill provided for an 11.2 percent increase in the rates of disability compensation and dependency and indemnity compensation (DIC) consistent with the increase to social security beneficiaries and those receiving pension nonservice-connected benefits from the Veterans' Administration. The bill further (a) provided for determination of the benefits to which a veteran's child is entitled when such entitlement is established retroactively, and (b) clarified the dependency and indemnity compensation (DIC) benefits to which a surviving spouse is entitled during the month in which a dependent child reaches the age of 18.

On January 15, 1981, Senator Daniel Inouye introduced S. 112, to authorize the Administration to designate memorial areas and furnish memorials to honor those deceased members of the Armed Forces whose remains were buried at sea, have not been identified, or were not recoverable. On February 5, 1981, Senator Alan Cranston introduced S. 416, to increase the maximum amount of automobile assistance provided to certain severely, service-connected disabled veterans and to extend eligibility for automotive adaptive equipment to certain service-connected veterans who suffer from ankylosis of the knees or hips. Senator Cranston also introduced S. 415, on February 5, 1981, to increase the minimum amount payable in the Veterans' Administration specially adapted housing assistance program. Senator Robert Stafford introduced S. 779, on March 24, 1981, to authorize the Veterans' Administration to furnish memorial headstones or markers to commemorate veterans who, by choice, are buried at sea, who donate their bodies to science, or who are cremated and have their ashes scattered without interment. On April 8, 1981, Senator Simpson introduced S. 911, to authorize payment of a special pension to the surviving spouses of persons awarded the Medal of Honor and S. 915, to authorize the Veterans' Administration to provide a memorial plaque or marker to certain next of kin of those who would otherwise be memorialized in a national, private, or local cemetery. Senator Strom Thurmond introduced S. 1297, on June 2, 1981, to increase the compensation payable to veterans who have suffered the loss or loss of use of both upper extremities as a result of a service-connected disability. Fi-

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nally, on June 3, 1981, Senator Alan Simpson, Chairman of the Committee, introduced two bills for consideration by the Committee. S. 1315 would provide that the pension of a veteran, who is blind as a result of a non-service-connected disability, not be reduced because the period of hospitalization of such veteran extends more than 3 months if such veteran is being furnished hospital care in a Veterans' Administration Center operated exclusively for the rehabilitation of blinded veterans. S. 1317 provided that remarriage of the surviving spouse of a veteran after age 62 shall not result in termination of dependency and indemnity compensation (DIC).

On June 11, 1981, Senator Simpson held a hearing on S. 917 and certain other bills pending before the Committee.

Testimony was received from John Hagan, Acting Director for Compensation and Pension Service of the Veterans' Administration, and other representatives of the Veterans' Administration, and representatives of the Disabled American Veterans, Veterans of Foreign Wars, the AMVETS, the Paralyzed Veterans of America, the Veterans of World War I of the U.S.A., the National Association for Uniformed Services, the National Association of Military Widows, the National Military Wives Association, the Retired Officers Association, the NCNB Mortgage Corporation, and the National Association of Home Builders.

After reviewing the testimony received at the June 11, 1981 hearing, the Committee met in open session on June 25, 1981, to consider S. 917, and other related bills. The Committee unanimously voted to report S. 917 with an amendment in the nature of the substitute—derived in part from provisions of S. 112, S. 415, S. 416, S. 779, S. 1297, S. 1315, and S. 1316—and a title amendment. By a poll completed on July 14, 1981, the Committee voted unanimously to modify section 505 of the bill as originally ordered reported to include in the new section 3103A of title 38, relating to minimum service requirements for certain veterans' benefits eligibility (as proposed to be added by section 505 of the bill), the provisions of subsection (b)(1)(B) to establish a minimum service requirement for those whose initial obligated period of active-duty service is less than two years.

SUMMARY OF S. 917 AS REPORTED

S. 917 as reported (hereinafter referred to as the "Committee bill") has six titles: Veterans' disability compensation benefits; Survivors' dependency and indemnity compensation benefits; Automobile assistance and adaptive equipment amendments; Veterans' Administration housing benefits amendments; Miscellaneous provisions; and Effective dates, as follows:

Title I: Veterans disability compensation benefit.—This title includes amendments to chapter 11 of title 38, United States Code, which would provide, effective October 1, 1981, an 11.2-percent increase (the same increase provided to social security and VA pension beneficiaries effective June 1, 1981) in—

> (1) basic compensation rates for service-connected disabled veterans and, generally, in the rates payable for certain severe disabilities;

(2) the allowances for spouses, children, and dependent parents, paid to service-connected disabled veterans rated 30-percent or more disabled; and

(3) the annual clothing allowance paid to veterans whose compensable disability requires the use of a prosthetic or orthopedic appliance (including a wheelchair) that tends to tear or wear out their clothing.

In addition, the Committee bill would adjust upward the base rate of compensation payable to service-connected disabled veterans who lost or have lost the use of both arms.

Title II: Survivors dependency and indemnity compensation benefits.—This title includes amendments to chapter 13 of title 38, United States Code, which would provide, effective October 1, 1981, an 11.2-percent increase (again, the same increase provided to social security and VA pension beneficiaries effective June 1, 1981) in—

(1) dependency and indemnity compensation (DIC) benefits payable to surviving spouses of veterans whose deaths were service connected;

(2) the additional allowances paid to surviving spouses for dependent children and in the additional allowances payable to surviving spouses who are so disabled as to be in need of regular aid and attendance or to be permanently housebound; and

(3) DIC benefits for the children of veterans whose deaths were service connected where no surviving spouse is entitled to DIC, the child is age 18 through 22 and attending an approved educational institution, or the child is age 18 or over and became permanently incapable of self-support prior to reaching age 18.

Title III: Automobile assistance and adaptive equipment amendments.—This title includes amendments to chapter 39 of title 38, United States Code, which would:

(1) Increase to $5,000 to amount which the Administrator is authorized to pay towards the purchase price of an automobile for those veterans eligible for asssistance in purchasing automobiles and adaptive equipment.

(2) Extend eligibility for automobile adaptive equipment assistance to veterans with ankylosis of one or both knees, or one or both hips, if such disability is service connected.

Title IV: Veterans' Administration housing benefits amendments.—This title includes amendments to chapter 37 and chapter 21, respectively, of title 38, United States Code, which would:

(1) Authorize the Administrator to establish a graduated payment plan program, within the Veterans' Administration loan guaranty program, to guaranty home loans with provisions for various rates of amortization corresponding to anticipated variations in family income.

(2) Increase to $35,000 the amount which the Administrator is authorized to pay to eligible service-connected disabled veterans for specially adapted housing.

Title V: Miscellaneous amendments.—This title includes provisions which would:

(1) Amend chapter 55 of title 38, United States Code, to provide that any veteran who is hospitalized and in a prescribed program of rehabilitation, designed to restore the veteran's

ability to function within such veteran's family and community, if such period of hospitalization does not exceed 180 days within any 12 month period, will not suffer a reduced pension.

(2) Amend chapter 23 of title 38, United States Code, to authorize the Administrator to furnish a memorial headstone or marker to commemorate any veteran whose remains have not been recovered or identified, whose remains were buried at sea, donated to science or cremated and the ashes scattered without interment, for placement in a national, private, local, or State cemetery, and further authorizes the Administrator to set aside suitable areas in national cemeteries to honor the memory of such veterans.

(3) Direct the Administrator to conduct a review and analysis of studies, already conducted or underway, relating to the long-term adverse health effects on humans of exposure to radiation, including nuclear device, medical, and occupational exposures; and require the Administrator to submit a preliminary report within 90 days and a final report within 18 months after the date of enactment of the Act, to be followed within 90 days thereafter by publication of proposed regulations for resolving claims for benefits administered by the Veterans' Administration based on exposure during service in the Armed Forces to radiation from nuclear devices, and, finally, publication 90 days thereafter of final regulations for resolution of such claims.

(4) Incorporate in title 38, with certain modifications, the two-year minimum service requirement for benefits eligibility in section 977 of title 10.

DISCUSSION

TITLES I AND II: VETERANS' COMPENSATION AND DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS

Background

Disability compensation

The service-connected disability compensation program provides monthly cash benefits to veterans who have suffered disabilities during, or as a result of, their service in our Nation's Armed Forces. This program ranks as the highest program priority of the Veterans' Affairs Committee.

The amount paid in individual instances is contingent upon the nature of the veterans' disability or combination of disabilities and the extent to which earning capacity is considered to have been impaired. Compensable disabilities are rated according to the VA's Schedule of Rating Disabilities on a graduated scale ranging from 10 to 100 percent. A totally disabled veteran is thus compensated at not less than the 100-percent rate. Higher monthly rates are payable to totally disabled veterans with certain specific, very severe disabilities and combinations of disabilities.

The Veterans' Administration disability compensation program currently provides benefits for 2,276,542 veterans who have service-connected disabilities. This number is composed of disabled veterans with the following periods of service: 26,739 World War I veterans; 1,176,495 World War II veterans; 234,420 Korean-conflict veterans; and 562,849 Vietnam-era veterans.

The following table shows average costs and caseloads for veterans and survivors:

TABLE 1.—AVERAGE COST AND CASELOAD OF VETERANS DISABILITY AND SURVIVORS COMPENSATION CASES

[Total cost in thousands of dollars]

Total costs	Fiscal year 1980			Fiscal year 1981 (estimated)			Fiscal year 1982 (estimated)		
	Average cases	Average cost	Total cost	Average cases	Average cost	Total cost	Average cases	Average cost	Total cost
Compensation (total)	2,627,399	$2,841	$7,463,357	2,633,615	$3,260	$8,584,739	2,638,869	$3,281	$8,657,900
Veterans (total)	2,268,219	2,691	6,103,643	2,275,707	3,089	7,028,799	2,281,007	3,106	7,085,400
Spanish-American War	3	7,000	21	3	8,000	24	3	8,000	24
Mexican border period	4	11,750	47	4	13,250	53	4	13,250	53
World War I	31,702	3,274	103,788	28,300	3,770	106,680	24,300	3,789	92,070
World War II	1,204,369	2,530	3,047,037	1,182,000	2,903	3,431,302	1,162,100	2,922	3,395,940
Korean conflict	236,296	3,038	717,772	235,000	3,474	816,390	234,600	3,484	817,330
Vietnam era	545,008	2,745	1,495,831	556,400	3,142	1,748,270	563,000	3,150	1,773,450
Peacetime service	250,837	2,947	739,148	274,000	3,380	926,080	297,000	3,389	1,006,533
Survivors (total)	359,180	3,744	1,344,644	357,906	4,297	1,537,840	357,862	4,342	1,554,000
Indian wars									
Civil War	6	4,167	25	6	5,000	30	5	6,000	30
Spanish-American War	144	4,257	613	125	4,960	620	105	5,000	525
Mexican border period	2	4,500	9	2	5,500	11	2	5,500	11
World War I	30,644	4,220	129,329	29,900	4,839	144,690	29,100	4,869	141,688
World War II	174,773	3,289	574,742	172,500	3,766	649,677	170,500	3,770	642,812
Korean conflict	39,203	3,604	141,292	39,175	4,106	160,840	39,150	4,134	161,846
Vietnam era	64,740	4,271	276,498	65,800	4,936	324,807	67,100	5,082	340,986
Peacetime service	49,668	4,472	222,136	50,400	5,102	257,165	51,900	5,127	266,102
Clothing allowance (total)	(63,208)	238	15,070	(66,300)	273	18,100	(67,400)	274	18,500

Source: Department of Veterans' Benefits, Veterans' Administration, July 1981.

The Committee periodically reviews the service-connected disability compensation program with a view toward assuring that the benefits authorized provide reasonable and adequate compensation for disabled veterans and their families. Congress has traditionally acted periodically to provide cost-of-living increases in compensation benefits, in order to assure that those benefits kept pace with inflation. The following table shows statutory increases in the rates of disability compensation since 1957:

TABLE 2.—HISTORY OF SERVICE-CONNECTED DISABILITY COMPENSATION INCREASES, 1957 TO PRESENT

Sec. 314, title 38, subsection—	Public Law 85-168, Oct. 1, 1957, monthly rate	Public Law 87-645, Oct. 1, 1962		Public Law 89-311, Oct. 31, 1965		Public Law 90-493, Jan. 1, 1969		Public Law 91-376, July 1, 1970		Public Law 92-328, Aug. 1, 1972		Public Law 93-295, May 1, 1974	
		Percentage increase	Monthly rate	Percentage increase	Monthly rate	Percentage increase	Monthly rate	Percentage increase	Monthly rate	Percentage increase	Monthly rate	Percentage increase	Monthly rate
(a)	$19	0.3	$20	5.0	$21	9.5	$23	8.7	$25	12.0	$28	15	$32
(b)	36	5.6	38	5.3	40	7.5	43	7.0	46	10.8	51	15	59
(c)	55	5.5	58	3.4	60	8.3	65	7.7	70	10.0	77	15	89
(d)	73	5.5	77	6.6	82	8.5	89	7.9	96	10.4	106	15	122
(e)	100	7.0	107	5.6	113	8.0	122	10.7	135	10.3	149	15	171
(f)	120	6.7	128	6.3	136	8.1	147	10.9	163	9.8	179	18	211
(g)	140	6.4	149	7.4	161	8.1	174	10.9	193	9.8	212	18	250
(h)	160	6.3	170	9.4	186	8.1	201	10.9	223	9.9	245	18	289
(i)	179	6.7	191	9.4	209	8.1	226	10.6	250	10.0	275	18	325
(j)	225	11.1	250	20.0	300	33.3	400	12.5	450	10.0	493	18	584
(k)												10	52
(l)	309	10.0	340	17.6	400	25.2	500	12.0	560	10.0	616	18	727
(m)	359	8.6	390	15.4	450	22.2	550	12.0	616	10.1	678	18	800
(n)	401	9.7	440	19.3	525	18.2	625	12.0	700	10.0	770	18	909
(o)	450	16.7	525	14.3	600	16.7	700	12.0	784	9.0	862	18	1,017
(p)	450	16.7	525	14.3	600	16.7	700	12.0	784	9.9	862	18	1,017
(q)													
Subsec. (r) "aid and attendance" nonhospitalization, Public Law 85-782, effective Oct. 1, 1958:													
(1)	150	33.3	200	25.0	250	20.0	300	12.0	336	10.1	370	18	437
(2)													
Subsec. (s) (housebound cases) Public Law 86-663, effective Sept. 1, 1960	265	9.4	290	20.7	350	28.8	450	12.0	504	9.9	554	18	654
(t)													
Sec. 362 of title 38													

TABLE 2.—HISTORY OF SERVICE-CONNECTED DISABILITY COMPENSATION INCREASES, 1957 TO PRESENT—Continued

Sec. 314, title 38, subsection—	Public Law 94–71, Aug. 1, 1975		Public Law 94–433, Oct. 1, 1976		Public Law 95–117, Oct. 1, 1977		Public Law 95–479, Oct. 1, 1978		Public Law 96–128, Oct. 1, 1979		Public Law 96–385, Oct. 1, 1980	
	Percentage increase	Monthly rate	Percentage increase	Monthly rate	Percentage increase	Monthly rate	Percentage increase	Monthly rate	Percentage increase	Monthly rate	Percentage increase	Monthly rate
(a)	9.4	$35	8.6	$38	6.6	$41	7.3	$44	9.9	$48	13	$54
(b)	10.2	65	7.7	70	6.6	75	7.3	80	9.9	88	13	99
(c)	10.1	98	8.2	106	6.6	113	7.3	121	9.9	133	13	150
(d)	9.8	134	8.2	145	6.6	155	7.3	166	9.9	182	13	206
(e)	9.9	188	8.0	203	6.6	216	7.3	232	9.9	255	14.3	291
(f)	11.9	236	8.1	255	6.6	272	7.3	292	9.9	321	14.3	367
(g)	12.0	280	7.9	302	6.6	322	7.3	346	9.9	380	14.3	434
(h)	12.1	324	8.0	350	6.6	373	7.3	400	9.9	440	14.3	503
(i)	12.0	364	8.0	393	6.6	419	7.3	450	9.9	495	14.3	566
(j)	12.2	655	7.9	707	6.6	754	7.3	809	9.9	889	14.3	1,016
(k)	0	52	8.0	56	6.6	56	0	56	0	[2]56	0	62
(l)	12.0	814	8.0	879	6.6	937	7.3	1,005	9.9	1,104	14.3	1,262
(m)	12.0	896	8.0	968	6.6	1,032	7.3	1,107	9.9	1,217	14.3	1,391
(n)	12.0	1,018	8.0	1,099	6.6	1,172	7.3	1,258	9.9	1,383	14.3	1,581
(o)	12.0	1,139	8.1	1,231	6.6	1,312	7.3	1,408	9.9	1,547	14.3	1,768
(p)	12.0	1,139	8.1	1,231	6.6	1,312	7.3	1,408	9.9	1,547	14.3	1,768
(q)												
Subsec. (r) "Aid and Attendance" non-hospitalization, Public Law 85–782, effective Oct. 1, 1958:												
(1)	11.9	489	0	528	6.6	563	7.3	604	9.9	664	14.3	759
(2)							(1)	900		989	14.3	1,130
Subsec. (s) (housebound cases) Public Law 86–663, effective Sept. 1, 1960	11.9	732	7.7	791	6.6	843	7.3	905	9.9	995	14.3	1,137
(t)							(1)	175		192	14.3	219
Sec. 362 of title 38			8.6	190	6.6	203	7.3	218	9.9	240	14.3	274

[1] From Oct. 1, 1978.

[2] (k) $62 effective Sept. 1, 1980 (9.9 percent increase).

Source: Department of Veterans' Benefits, Veterans' Administration, July 1981.

Dependency and indemnity compensation (DIC)

The dependency and indemnity compensation (DIC) program, which supplanted the earlier death compensation program, was established in 1956 with the enactment of the Servicemen's and Veterans' Survivors Benefit Act (Public Law 84-881).

DIC is paid to the survivors—surviving spouses, unmarried children under the age of 18, as well as certain helpless children age 18 or over, children between the ages of 18 and 23 who are enrolled in school, and certain needy parents—of servicemen or veterans who died on or after January 1, 1957, from: (1) a disease or injury incurred or aggravated in line of duty while on active duty or active duty training; or (2) an injury incurred or aggravated in line of duty while on inactive duty training; or (3) a disability compensable under laws administered by the VA.

Surviving spouses, children, and parents who are receiving death compensation by reason of a veteran's death occurring before January 1, 1957, may elect to receive DIC benefits in lieu of death compensation. Once they so elect, however, they cannot thereafter receive death compensation.

DIC is paid to surviving spouses at rates determined by the pay grade—service rank—of the deceased veteran. A higher rate is payable if the surviving spouse is so disabled as to be housebound or in need of regular aid-and-attendance, and additional amounts are payable for the veteran's surviving children. Children become entitled to DIC where there is no surviving spouse, or where the child age 18 or over has become permanently incapable of self support before reaching the age of 18 or the child is age 18 to 23 and pursuing an approved course of education.

DIC benefits are currently paid to or for 324,370 surviving spouses and children.

In addition, DIC is paid to the needy surviving parents of a veteran whose death was servce connected. Under Public Law 95-588, the provisions of chapter 13 of title 38, United States Code, governing the parents' DIC rates, were amended to provide for automatic annual adjustments at the same time and by the same percentage as social security benefits.

Under section 410(b) of title 38, benefits are also paid at DIC rates to the surviving spouses and children of veterans whose deaths are not determined to be service connected where the veteran received compensation at the 100-percent rate over an extended period of time immediately prior to his or her death.

Committee Bill Provisions

The Committee bill provides for a 11.2 percent cost-of-living increase, effective October 1, 1981, in the service-connected disability compensation and dependency and indemnity compensation benefit rates. This percentage increase is the same percentage increase provided to social security beneficiaries and VA pensioners eligible for benefits under the new pension program established by Public Law 95-588.

The Committee's rationale for establishing these rate increases at this level is set forth at pages 12 through 13 of the Committee's budget views and estimates report for fiscal year 1982, which was submitted to the Senate Budget Committee on March 15, 1981 (Committee Print No. 5).

Disability compensation increases

The 11.2 percent increase provided for by the Committee bill would apply to the monthly rates of disability compensation under section 314 of title 38, United States Code, except for the monthly rates specified in subsection (k) of section 314. The maximum monthly amounts specified in subsections (k) and (p) of section 314 would also be increased. Those are specific dollar amounts that may not be exceeded in the event that a veteran would otherwise be entitled to a higher amount by reason of entitlement to two or more monthly rates.

The following table shows the current rates of disability compensation and those proposed by the Committee bill, together with the number of veterans receiving compensation in each category:

TABLE 3.—COMPARISON OF COMPENSATION RATES UNDER PRESENT LAW AND UNDER S. 917 AS REPORTED

Applicable subsection of sec. 314, United States Code	Percentage of disability	Increase in monthly rate		Number of veterans
		From—	To—	
(a)	(10)	$54	$60	884,994
(b)	(20)	99	110	356,819
(c)	(30)	150	167	317,120
(d)	(40)	206	229	186,074
(e)	(50)	291	324	114,372
(f)	(60)	367	408	123,986
(g)	(70)	434	483	80,322
(h)	(80)	503	559	39,199
(i)	(90)	566	629	14,076
(j)	(100)	1,016	1,130	130,639

HIGHER STATUTORY AWARDS FOR CERTAIN MULTIPLE DISABILITIES

Applicable subsection of sec. 314, United States Code	Percentage of disability	Increase in monthly rate		Number of veterans
		From—	To—	
(k)(1)	Anatomical loss or loss of use of 1 or more creative organs, 1 foot, 1 hand, or both buttocks, or blindness of 1 eye, or complete organic aphonia, or deafness of both ears—for each loss.	62	62	85,602
(2)	Maximum limit for veterans receiving payments under (a) to (j), above.	1,262	1,403	
(3)	Maximum limit for veterans receiving payments under (l) to (n), below.	1,768	1,966	
(l)	Anatomical loss or loss of use of both hands, both feet, 1 foot and 1 hand, blindness in both eyes, permanently bedridden or so helpless as to require regular aid and attendance.	1,262	1,403	9,025
(m)	Anatomical loss or loss of use of 2 extremities so as to prevent natural elbow or knee action with prosthesis in place, or blind in both eyes, either with light perception only or rendering veteran so helpless as to require regular aid and attendance.	1,391	1,547	4,991

HIGHER STATUTORY AWARDS FOR CERTAIN MULTIPLE DISABILITIES—Continued

Applicable subsection of sec. 314, United States Code	Percentage of disability	Increase in monthly rate		Number of veterans
		From—	To—	
(n)	Anatomical loss of 2 extremities so near shoulder or hip as to prevent use of prosthesis or anatomical loss of both eyes.	1,581	1,758	691
(o)	Disability under conditions entitling veteran to 2 or more of the rates provided in (l) through (n), above, no condition being considered twice in the determination, or deafness rated at 60 percent or more in combination with total blindness.	$1,768	$1,966	71
(p)(1)	For blindness of both eyes together with bilateral deafness rated at 40 percent or more disabling or total deafness of 1 ear, next higher rate or intermediate rate, respectively, is payable—but compensation may not exceed.	1,768	1,966	1,883
(2)	Anatomical loss or loss of use of three extremities, next higher rate or intermediate rate is payable—but compensation may not exceed.	1,768	1,966	
(q)	[This subsection repealed by Public Law 90–493.]			
(r)(1)	If veteran entitled to compensation at the rate provided for under (o), above, or at the maximum rate under (p), above, is in need of regular aid and attendance, in addition to such rate.	759	844	8,792
(2)	If veteran described in (r)(1), above, is in need of a higher level of care by a licensed health-care professional or a person under the regular supervision of such a professional, in addition to the rate payable under (o) or (p).	1,130	1,257	
(s)	If veteran has a disability rated as total, plus additional disability independently ratable at 60 percent or over, or is permanently housebound.	1,137	1,264	6,864
(t)	If veteran entitled to compensation under (a) through (i), above, has suffered the service-connected loss or loss of use of an extremity ratable at 40 percent or more and the non-service-connected loss or loss of use of paired extremity, and the latter loss would be rated at 40 percent or more if service connected, in addition to the rate payable under (a) through (i), above.	219	244	56

Source: Section 314 of title 38, United States Code, July 1981.

Veterans whose disabilities are rated at 30 percent or more may receive additional compensation for the veteran's spouse, children, and dependent parents. Under the Committee bill, those dependents' allowances would also be increased by 11.2 percent. Such dependents' allowances are prorated according to the percentage of disability. In 1980, the number of dependents for whom veterans received additional compensation exceeded 1 million.

The following table shows the current rates of additional compensation for dependents and those that would be provided for under the Committee bill:

TABLE 4.—ADDITIONAL COMPENSATION FOR DEPENDENTS

	Monthly rate	
	From—	To—
Spouse	$62	$69
Spouse and child	104	116
No spouse, 1 child	42	47
Each additional child	34	38
Each dependent parent	50	56
Each child age 18 to 22 attending school	94	105
Spouse in nursing home or severely disabled	112	125

Source: Section 315 of title 38, United States Code, July 1981.

Finally, the Committee bill would increase by 11.2 percent, from $274 to $305, the clothing allowance paid to those veterans who, because of a disability for which such veteran is eligible for compensation, wear or use prosthetic or orthopedic appliances which wear out or tear the veteran's clothing.

Dependency and indemnity compensation increases

The Committee bill would also provide (in title II) for a cost-of-living increase of 11.2 percent in DIC rates for surviving spouses and children, the same rate of increase provided service-connected disability veterans under title I of the Committee bill. Additional allowances for surviving spouses in need of aid and attendance or housebound, helpless children age 18 or over, and children between the ages of 17 and 23 attending school would also be increased by 11.2 percent.

The following table shows a comparison of those rates under current law with the rates provided for under the Committee bill:

TABLE 5.—COMPARISON OF MONTHLY DIC RATES UNDER PRESENT LAW AND S. 917 AS REPORTED

Base monthly rates to surviving spouses	From—	To—	Base monthly rates to surviving spouses	From—	To—
Veterans' pay grade:			Veterans' pay grade:		
E-1	$373	$415	W-4	$535	$595
E-2	385	428	0-1	472	525
E-3	394	438	0-2	487	540
E-4	419	466	0-3	522	580
E-5	431	479	0-4	551	613
E-6	441	490	0-5	608	676
E-7	462	514	0-6	684	761
E-8	487	542	0-7	741	824
E-9	510	567	0-8	812	903
W-1	472	525	0-9	872	970
W-2	491	546	0-10	954	1,061
W-3	505	562			

Source: Section 411 of title 38, United States Code, July 1981.

TABLE 6.—ADDITIONAL PAYMENTS

	From—	To—
Surviving spouse, addition for each child	$43	$48
Addition if surviving spouse in need of regular aid and attendance	112	125
Surviving child (where no surviving spouse is entitled)	189	210
2 such children [1]	271	301

TABLE 6.—ADDITIONAL PAYMENTS—Continued

	From—	To—
3 such children	350	389
More than 3 children, addition for each additional child	71	79
Addition if such child is helpless	112	125
Helpless child, where surviving spouse is also entitled	189	210
Child attending school, where surviving spouse is also entitled	96	107

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[1] If there is more than 1 surviving child, an equal share of the total amount is paid to each child.

Source: Sections 411, 413, 414 of title 38, United States Code, July 1981.

The 11.2-percent increase would also be applicable to benefits paid at DIC rates under section 410(b) of title 38, United States Code, to the surviving spouses and children of certain totally disabled service-connected disabled veterans whose deaths were not service connected.

Increased compensation to certain severely disabled veterans

The Committee bill would increase the base rate of compensation payable to service-connected disabled veterans who have suffered the loss or loss of use of both upper extremities.

Background

Through a very complex compensation rating schedule the Veterans' Administration attempts to adequately compensate service-connected veterans for their disabilities. Section 314 of title 38, provides the rate of disability compensation based on the degree to which a veteran is disabled and awards additional monthly payments for the anatomical loss of or loss of use of one or more creative organs and certain other severe disabilities.

The Veterans' Administration reports that 125 veterans have suffered service-connected anatomical loss of both upper extremities and 357 veterans who have lost the use of both upper extremities as a result of service-connected injuries. The latter figure includes anatomical loss of one upper extremity and loss of use of the remaining upper extremity.

Under current law any veteran who, as the result of service-connected disability, who has suffered the anatomical loss or loss of use of both hands or both arms to the degree that natural elbow action with a prosthesis in place is prevented, receives compensation under subsections (l) and (m) of section 314, of title 38, respectively. A veteran who has lost or lost use of both feet or both legs receives compensation based on eligibility under subsections (l) and (m), respectively, also.

Clearly, these veterans suffer severe disabilities. In the best of cases, these veterans are able to use a prosthesis or prosthetic devices. However, without the use of the elbow joint and the second extremity, such veterans have little ability to care for themselves. Gripping and carrying capabilities are minimal and only limited function is restored. The veteran is often unable to dress, shave, feed or care for personal hygiene needs without assistance, including putting on, adjusting or removing a prosthesis.

Those veterans who have lost or lost the use of their lower extremities are, by contrast, in the absence of additional disability, often able to function without the aid of others attending to their personal needs and are capable of greater independence in travel and employment.

The distinction between the loss or loss of use of extremities based on the consequent comparable loss of function is recognized in the present law with regard to loss of a single upper extremity and a single lower extremity. A veteran who has lost or lost the use of a single upper extremity on his/her major side—that is, loss on the right side to a right-handed person and loss on the left side to a left-handed person—is entitled to a higher rate of compensation than if the loss had been on the minor side or if either lower extremity was lost. The disparity between compensation for major and minor extremity losses is not reflected in single lower extremity losses as there is no comparable dexterity function involved between the lower left and right extremity.

However, current law does not recognize the different degrees of loss of function when considering compensation rates for bilateral upper and lower extremity losses. The Committee believes that this disparity should be rectified by increasing the compensation rates for those veterans with bilateral upper extremity losses to reflect the greater degree of functional impairment.

Committee bill provisions

The Committee bill would increase the compensaton rate for the loss or loss of use of both hands from that awarded under subsection (l) of section 314, the same subsection which authorizes compensation for the anatomical loss or loss of use of both feet, or of one hand and one foot, and places it within the purview of subsection (m), which subsection also includes compensation for the anatomical loss or loss of use of two legs or an arm and a leg. The bill would also increase the rate of compensation awarded to those veterans who have suffered the anatomical loss or loss of use of both arms at a level, or with complications, preventing natural elbow action with a prosthesis in place from that awarded under subsection (m) to subsection (n) which also includes the anatomical loss of two extremities so near the shoulder or hip as to prevent the use of a prosthetic appliance—that is, two lower extremities or one upper extremity and one lower extremity. Finally, the bill would increase the compensation rate for a veteran who has suffered the anatomical loss of both arms so near the shoulder as to prevent the use of a prosthetic appliance from that awarded in subsection (n) to that awarded in subsection (o), the only disability relating to extremities contained within that subsection.

The Committee anticipates that this legislation will rectify the disparity between compensation rates for loss of function between those who have suffered the anatomical loss or loss of use of both upper extremities and those who have suffered a loss of the lower extremities.

TITLE III: AUTOMOBILE ASSISTANCE AND ADAPTIVE EQUIPMENT AMENDMENTS

Title III of the Committee bill would increase the amount of the automobile assistance allowance provided by the Veterans' Administration to veterans with certain severe, service-connected disabilities and would extend eligibility for the provision of automobile adaptive equipment to certain other service-connected disabled veterans.

Automobile Assistance Allowance Increase

The program of automobile assistance—now codified in chapter 29 of title 38, United States Code—was established by the Congress in Public Law 79-663, enacted in 1946. Under this program, veterans who have suffered the service-connected loss or loss of use of one or both feet or hands or service-connected blindness are entitled to a one-time VA grant to assist them in purchasing an automobile.

Public Law 91-666, enacted in 1970, increased, effective January 11, 1971, the maximum amount of the allowance payable toward the purchase of an automobile or other conveyance from the original allowance of $1,600 to $2,800. According to the Senate report accompanying the Senate version of H.R. 370 (Senate Report No. 91-1232, page 14), this increase was enacted in order "to reestablish, to an effective degree, the comparability which originally existed between the cost of an automobile or other conveyance and the monetary assistance provided for its purchase." In 1974, Public Law 93-548 increased the amount of the allowance to $3,300, effective February 1, 1975. An increase to the current level of $3,800 was provided for by enactment of Public Law 95-479, effective October 1, 1978.

Since the effective date of the last increase, the Bureau of Labor Statistics' Consumer Price Index component for new automobiles had increased 21.6 percent as of May. It is expected that this component will continue to increase through October.

Section 301(2) of the Committee bill would increase the automobile assistance allowance to $5,000, effective October 1, 1981, so as to help insure that the value of this benefit keeps pace with inflation.

Extension of Eligibility for Adaptive Equipment

In 1970, Public Law 91-666 also provided for the VA to furnish—in addition to the automobile assistance allowance—necessary adaptive equipment and installation, maintenance, and replacement for those eligible for the allowance, Pursuant to DVB circular 20-76-105 and DM&S Circular 10-75-137, payment for the adaptive equipment is generally made by reimbursement to the veteran of the appropriate cost of the equipment.

Service-connected disabled veterans who have not actually suffered an amputation, but who have incurred serious injury resulting in the loss of use of an extremity are eligible for this payment. However, there are veterans who have incurred certain disabilities which can preclude them from safely operating a motor vehicle that has not been adapted but who are not so eligible under current law.

Specifically, service-connected disabled veterans who suffer from ankylosis—the stiffening of a joint as the result of abnormal bone fusion—of the knees or hips at so-called favorable angles do not meet the VA's criterion for the requisite determination that the veteran has suffered the "loss of use" of a lower extremity. VA data indicate that 2,512 veterans are in receipt of service-connected compensation for such a disability.

Although veterans who suffer from ankylosis of the knees or hips at an unfavorable angle meet the VA's "loss of use" criterion and are therefore eligible for adaptive equipment assistance, veterans who suffer from ankylosis at favorable angles do not qualify for either the automobile award or the adaptive equipment assistance. However, in some cases, these veterans may need special adaptive equipment—such as left-foot accelerators, power brakes, hand-held parking brakes, or automatic transmissions—before they can safely operate their motor vehicles.

In the Committee's view, it is appropriate that the Federal Government assist these veterans in bearing the cost of the adaptive equipment they need in order to operate a motor vehicle. This category of service-connected disabled veterans appears to be the only category of such veterans who need automobile adaptive equipment and who are not considered to have lost or lost the use of one of their limbs; testimony received by the Committee at the June 11 hearing did not indicate that there are other groups of such veterans with similar needs.

Thus, section 301(3) of the Committee bill would extend, effective October 1, 1981, eligibility under specified circumstances for an adaptive equipment award to a veteran who is entitled to service-connected compensation for ankylosis of one or both knees, or one or both hips but who is not considered to have lost the use of a lower extremity. In such cases, the award would be made to provide such adaptive equipment to overcome the resulting disability as is necessary for the veteran to satisfy his or her State's drivers' licensing laws or regulations, or as it determined to be necessary by the VA's Chief Medical Director, to operate his or her motor vehicle safely.

TITLE IV: VETERANS' ADMINISTRATION HOUSING BENEFITS AMENDMENTS

The Committee amendments establish a graduated-payment plan as part of the Veterans' Administration loan guaranty program and increase the amount which may be granted to eligible service-connected disabled veterans for specially adapted housing assistance.

Establishment of Graduated-Payment Loan Program

Background

The Veterans' Administration provides assistance to help veterans acquire housing in a number of ways. The principle form of such assistance is provided by the loan guaranty program, chapter 37, of title 38, United States Code. The purpose of the loan guaranty program is to facilitate and encourage the extension of credit by private lenders to eligible veterans for the purchase, construction, repair, alteration, or improvement of residences purchased by veterans. This objective is implemented by substituting the guaranty of the Federal Government for the investment protection provided under the terms of a conventional mortgage by down payments and shorter term loans. The loan guaranty enables eligible veterans to finance home purchases although they would not qualify for conventional loans. The program provides loans for the purchase of conventional homes, condominiums, farm residences and mobile homes.

In the past, the Veterans' Administration has supplemented its loan guaranty program with a direct housing loan program in areas identified by the Administrator as "housing credit shortage areas". In such areas, typically rural areas or small cities and towns, private lenders were not readily available to provide VA-guaranteed home loans. Under the direct housing loan program the VA assume the role of lender and made direct loans to eligible veterans for the purchase or improvement of housing. However, since conventional financing is now available in virtually every area of the country, this program is presently being utilized solely to assist those severely disabled veterans eligible for specially adapted housing assistance to purchase their homes.

The specially adapted housing grant program provides grants to veterans with certain permanent, service-connected disabilities to acquire necessary housing adapted with special fixtures and other modifications. This program enables such severely disabled veterans to acquire housing to fulfill their special needs, such as wider doorways to accommodate wheelchairs, ramps instead of stairs, and oversized specially equipped bathrooms. The VA provides experts in creating specially adapted housing to work closely with the veteran and the designers and builders of specially adapted new homes or modified structures which will meet the veteran's needs. Under current law, the grant is limited to 50 percent of the cost to the veteran of the housing unit and the land on which it is located up to a maximum of $30,000.

Under current laws, generally, the minimum length of active service necessary for entitlement varies from 90 days for veterans of World War II, the Korean conflict and the Vietnam era to 181 days for those veterans who served between or since these periods of conflict.

The Government's guaranty on a loan is limited to a percentage of the loan and is further limited by a maximum dollar amount, such restrictions being dependent in each case by the purpose of the loan.

The VA loan guaranty program is extremely important both to veterans who are helped in the purchase of homes and to the economy as a whole, which benefits by the stimulus provided by veterans activity in the housing market. Unfortunately the soaring costs of purchasing a home, exacerbated primarily by the nearly unprecedented increases in mortgage interest rates, have forced many potential first home buyers out of the housing market. The Committee believes that the time has come to introduce a graduated-payment plan into the VA's loan guaranty program.

Committee bill provisions

The Committee bill would amend section 1803(d)(2) of title 38 to authorize the Veterans' Administration to offer and guaranty graduated payment loans. The amendment is necessary in order to establish a graduated-payment plan inasmuch as present law is construed to require VA guaranteed loans be repaid in equal monthly installments.

The Committee bill would authorize the Veterans' Administration to establish a graduated-payment plan similar to that presently offered by FHA under section 245 of the National Housing Act, 12 U.S.C. section 1715d-10. FHA has had approximately 5 years' experience with this mortgage plan and reports a low default rate.

Graduated-payment mortgages entail a negative plan of amortization during the early years of the loan period. During the "graduation" period a portion of the interest due on the loan each month is deferred and added to the principal balance. During this initial period the lower payments do not even cover principal and interest and the loan balance actually exceeds the original mortgage amount. The result, therefore, is monthly payments which are lower, for the first few years, than the corresponding monthly payment on a conventional mortgage, where all of the interest and a portion of the principal are scheduled to be paid each month. During the graduation period, typically lasting 5–10 years, the veterans' payment will increase periodically to successively higher levels until the graduation period is ended and the payments thereafter remain the same for the duration of the loan period. From that point on, each scheduled loan payment includes all the interest plus a portion of the principal as does a conventional mortgage, but, because the principal obligation has been increased by the amount of interest deferred during the graduation period, the monthly payment required to amortize the loan after the leveling off point are greater than they would have been for a conventional loan.

The Committee bill anticipated two graduated-payment loan programs. One option would require that the principal amount of the loan, including deferred interest, not exceed the value of the property as determined by the Administrator, at the time the loan is made. Since deferred interest would increase the loan principal, loans made under this plan would require a significant down payment. The required down payment would have to be sufficient to absorb at least all of the interest to be deferred during the graduation period. The second option would enable the VA to guaranty a loan based on the projected value of the property over the life of the loan. Such projected value would be calculated by increasing the reasonable value of the property as of the time the loan is made, at a rate not to exceed 2.5 percent per year up to 115 percent over the term of the loan. This would greatly reduce or obviate the requirement for a down payment. As the graduated-payment plan is offered to benefit younger, lower-income veterans who are less likely to have saved a substantial down payment, the Committee anticipates that the Administrator would design the graduate payment loan program so that veterans would be able to take advantage of the latter option.

The bill would restrict the use of graduated-payment loan program to the acquisition of a single family site-built homes, condominimum units and manufactured housing.

Finally, the Committee bill would amend section 1828 to exempt such VA loans from any State law prohibiting interest on interest, or requiring minimum amortization.

Specially Adapted Housing Assistance Increase

Section 403 of the Committee bill would increase from $30,000 to $35,000, effective October 1, 1981, the maximum amount payable in specially adapted housing assistance under chapter 21 of title 38, United States Code, to certain veterans with total and permanent service-connected disabilities. The Committee bill would also make certain technical changes in chapter 21.

Under the program of specially adapted housing assistance for disabled veterans, often referred to as the "wheelchair home" program, the VA assists veterans with certain permanent and total service-connected disabilities in acquiring suitable housing with adaptations made necessary by the nature of their disabilities. Under current law, these disabled veterans are eligible for a grant not to exceed 50 percent of the cost of the home and the necessary land, up to a maximum of $30,000. Veterans eligible for housing assistance grants are principally quadraplegics, paraplegics, amputees, and others who require the use of a wheelchair, braces, or crutches to move about. Their disabling conditions may require ramps, special bathroom equipment, extra-large rooms and hallways, and other adaptations that are essential for their health and safety.

When originally enacted in Public Law 80–702 in 1948, the specially adapted housing program provided for assistance of up to $10,000. At that time, the average cost of construction for a new single-family residence was $7,8000. Housing construction costs have risen steadily since then, and the maximum amount of assistance has been increased on four occasions. The last increase was made by Public Law 95–476, which raised the maximum to $30,000, effective October 1, 1978. At the time, the average cost for the construction of a specially-adapted home was estimated to be $66,000. Since then it appears, based on data provided by the National Association of Home Builders, that the average cost of such a home has risen to $75,700. By raising the maximum limit from $30,000 to $35,000, the Committee bill would enable a majority of veterans who are eligible for this benefit to obtain assistance approximating 50 percent of the cost of the home and thus help meet the needs of this special group of veterans.

TITLE V: MISCELLANEOUS PROVISIONS

Continued Payment of Pension to Certain Hospitalized Veterans

Subsection (a) of section 3203 of title 38 is amended by adding a new subparagraph (D) which extends the period of hospitalization to 180 days, for any veteran in a prescribed program of rehabilitation, before pension benefits of such veteran can be reduced.

Under current law, any single veteran is subject to a reduction in pension benefits after the end of the third full calendar month following the month of admission for such care in a hospital or nursing home. The pension is reduced to $60 per month during the period of hospitalization. The Committee amendment provides that veterans being furnished hospital or nursing home care by the Veterans' Administration shall not be subject to such reduction in pension payments until or unless such veteran receives hospital or nursing home care for a period up to 180 days within any 12-month period if such veteran is in a prescribed program of rehabilitation, as prescribed by chapter 17 designed to restore the veterans ability to function within the family and community.

The purpose of this amendment is to encourage eligible veterans to participate in such a program of rehabilitation and eliminate the disincentive to participate which exists under current law. The Committee bill serves also to differentiate between those veterans receiving traditional medical care and those who enroll in rehabilitation programs. Rehabilitation programs serve to make the veteran more self-sufficient. The Committee does not wish to deter veterans from entering into long-term rehabilitation programs by reducing pension payments at three months and thereby reducing the veterans' ability to pay bills and ongoing living expenses which continue and accumulate during the period of rehabilitation. Veterans should not be faced with the dilemma of experiencing financial hardships or participating in a comprehensive rehabilitation program designed to enhance self-sufficiency.

Headstones and Markers in Certain Cases

Subsection (b) of section 906 of title 38 is amended to provide memorial headstones or markers to commemorate certain veterans whose remains are not interred. The Administrator is authorized to furnish appropriate memorial headstones or markers for those veterans whose remains were not recovered or identified, those veterans whose remains were buried at sea, whether by choice or otherwise, those veterans whose remains were donated to science and those veterans whose remains were cremated without interment of any portion of the ashes. Under this subsection the Administrator is authorized to furnish such memorials for placement in a national cemetery area reserved for such purposes, or in any private, local, or State cemetery. Subsection (a) of section 1003 is amended and directs the Administrator to set aside suitable areas in national cemeteries to honor the memory of such veterans and those who are missing in action.

The funeral and burial benefits provided by chapter 23 of title 38, administered by the Veterans' Administration, serve a twofold purpose. First, they provide peace-of-mind for and ease the financial burdens of those veterans and their families who can ill-afford the increasing expense of funerals and burials. Second, and more importantly, the program facilitates commemoration of those citizens who served their country, some of whom were seriously disabled or lost their lives as a result thereof. Congress has historically considered commemoration of such citizens its solemn duty and it is to this purpose the Committee bill is addressed.

Current law provides for commemoration, of those whose remains cannot be interred, in national cemeteries. The Committee bill would expand the program by authorizing such commemoration in local, private and state cemeteries also. There is, however, no provision in chapter 23 for honoring those deserving veterans who have chosen not to have their remains interred. The need for new legislation became apparent as increasing numbers of veterans chose to donate their remains to science or to have their remains cremated and the ashes scattered. Memorialization of the sacrifices made by these veterans in the service of their country should not be neglected merely because their remains are not interred. The Committee believes that veterans choosing either such alternative to burial should not be denied recognition of their sacrifice because of that choice. Such an outcome is entirely inconsistent with the intent of current law. The Committee believes that the proposed bill will rectify this inconsistency and insure that the intent of Congress, to honor the memory of our deserving veterans, is realized.

The Committee notes that, in addition to effectuating the above described purpose of this amendment, other beneficial results will follow. The selfless decision to donate one's remains to science serves to further medical advancements and, along with those who choose cremation without interrment, reduces the heavy demand for gravesites in our national cemeteries.

Radiation Literature Review

Background on nuclear weapons tests

Beginning in 1945 and continuing until the Limited Test Ban Treaty in 1963, the United States detonated 235 nuclear devices in connection with its atmospheric and underwater nuclear weapons testing program. The Department of Defense (DOD) estimates that approximately 250,000 DOD personnel participated in the tests. In addition, approximately 25,000 DOD personnel were attached to the United States occupation forces in Hiroshima and Nagasaki, Japan, following the detonation of atomic bombs over those two cities on August 6 and August 9, 1945, respectively.

In general, the average recorded exposure of these troops to radiation generated by a man-made device has been estimated by a Department of Defense contractor (Reynolds Electrical & Engineering Co.) to be approximately one-half rem.[1] However, film badges and dosimeters that were intended to monitor individual exposures were often provided to only one individual in a unit rather than to each individual. In addition, variations in the accuracy of monitoring techniques are known to have existed, and some types of radiation and some forms of exposure—such as ingestion or inhalation of irradiated particles—were not measured at all.

Although in the Committee's view it is important to keep in mind that these tests were conducted during a period of great international tension in which national security consideration were of paramount importance, the Committee notes that review of historical documents concerning the nuclear weapons testing program reveals that considerable controversy existed, preceding the conduct of most of the tests, about the safety standards for human exposure to radiation, and notes further that a considerable amount of information about that controversy was withheld from test participants until recent years. With respect to the participation of troops in the weapons tests, the expert view that prevailed at that time tended to minimize the risk of disability resulting from exposure to low levels of radiation. Today, scientists have moved toward a consensus regarding safe exposure standards and are in general agreement that there is no completely safe level of exposure to radiation.

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[1] A "rem", an abbreviation for roentgen equivalent man, is a unit of radiation exposure measurement which reflects the amount of biological effect done by a particular form of radiation.

Scientific uncertainties regarding health effects

The long-term health effects of exposure to low levels of radiation are not yet completely understood. However, it is clear that exposure of humans to certain levels of ionizing radiation causes an increased incidence of malignant tumors and can cause genetic damage. What is unclear is how much increased risk is caused by exposure to levels of radiation that are not "massive", and practical limitations—in terms of the very large population that would be required for valid followup—may prevent for some time a definitive determination of risk at lower levels of exposure. Another uncertainty in those areas arises from the fact that there is a long interval—the "latent period"—between radiation exposure and the subsequent development of malignancies. On the basis of the scientific evidence now available, therefore, the issue of fair compensation for conditions that develop in individuals who have been exposed to relatively low levels of radiation in medical, occupational, and military contexts is a highly complex one.

Committee hearings

On June 20, 1979, the Committee held hearings to gather information about the difficulties experienced by veterans and survivors in using the current Veterans' Administration adjudication system for radiation exposure-related claims. Testimony was received from veterans, survivors, and representatives of veterans' service organizations who had personal experience with such claims, and the DOD, the VA, the Department of Energy, the Interagency Task Force on Ionizing Radiation chaired by the Department of Health, Education, and Welfare, the Center for Disease Control and the National Academy of Sciences.

The most important outcomes of the hearing, described in greater detail on pages 34–36 of Senate Report No. 96–260, which accompanied S. 689, the proposed "Veterans' and Survivors' Benefits Adjustment Act of 1979", included—

the VA's agreement to issue agency-wide instructions establishing certain presumptions on test participation and directing that credible estimates of radiation exposure—even if higher than actual badge or dosimeter readings—be used in adjudicating claims;

the VA's agreement to develop, in collaboration with other appropriate Federal departments and agencies, generally accepted medical principles concerning radiation-related illnesses as well as an enumeration of areas where uncertainties exist about that knowledge;

the DOD's announcement that geographic reconstructions are used in its development of radiation exposure estimates for test participants;

the DOD's agreement to make publicly available, through declassification if necessary, any document or section of a document related to personnel participation or radiation exposure during the tests that would not jeopardize national security by its release and to make publicly available, and keep updated, a list of such documents; and the agreement of the VA and the DOD, in a memorandum of understanding signed on June 15, 1979, and clarified during the Committee's hearing, to work closely to assist claimants in gathering information in support of claims and to provide timely reconstructions, as requested with respect to the participation and exposure to radiation during the tests of individual veterans.

The Committee's hearing—and related hearings held by other Committees of the Congress during the 95th and 96th Congresses—demonstrated that the Federal Government failed to follow up medically on test participants after their exposure to radiation in order to determine what, if any, long-term adverse health effects such veterans may be experiencing as a result of their participation. Further, hearings in the Congress during the past three years have shown that, until very recently, the Federal Government had done little in the way of systematic efforts to assist veterans and survivors in bringing claims for VA service-connected disability or death compensation on the basis of radiation exposure.

The Committee notes that on June 16, 1981, the Senate passed a provision (section 3 of H.R. 3499) that would provide basic VA health-care eligibility to veterans who are concerned that their exposure during service to radiation from a nuclear device has resulted in health problems, if the Administrator of Veterans' Affairs determines there is credible medical evidence linking the veteran's disability or disease to human exposure to radiation. In this provision, which also would afford the same access to VA health-care services to Vietnam veterans in connection with exposure to agent orange, the Senate expressed its view that the benefit of the doubt should be resolved in favor of the veterans involved in connection with the origin of the health problems they are experiencing in the absence of definitive scientific and medical information sufficient to arrive at a favorable determination of the service-related nature of a specific disability or disease.

Available scientific information

Scientific inquiries on the biologic effects of exposure to radiation—and in particular the health effects in humans of such exposure—have been pursued for many years, and reports that describe the findings of these studies are voluminous. In fact, as the GAO pointed out in its January 2, 1981, report entitled "Problems in Assessing the Cancer Risks of Low-Level Ionizing Radiation Exposure" (EMD-81-1), some 80,000 articles have been published internationally on the health effects of ionizing radiation.

During the last 10 years, in connection with comprehensive reviews of the risks of radiation exposure, specific mathematical models have been developed for making predictions about the risks involved in and recommended standards for radiation exposure. Perhaps the most noted of these reviews are the 1972 and 1980 reports of the Committee on Biologic Effects of Ionizing Radiation (BEIR) of the National Academy of Sciences and the 1977 report of the Scientific Committee on the Effects of Atomic Radiation of the United Nations (UNSCEAR). In addition, the above-mentioned 1981 report of the GAO and the June 1979 report of the President's Interagency Task Force on the Health Effects of Ionizing Radiation contain overviews of what certainties exist and what important questions remain unanswered about radiation exposure and what public policy has developed as a result of that state of knowledge.

The Committee notes that in each case the purpose of these comprehensive reviews and reports has been to evaluate scientific information in order to assist in the development of specific policies—such as general exposure standards or the best direction for current or future research—as to how our society should deal with the relative risks involved in human exposure to radiation. Thus, these reports generally serve to distill information from a great number of individual investigations and are generally intended to be helpful in resolving very broad policy questions. But since these reports deal with numerous sources of radiation exposure, they vary in their utility for the purpose of determining VA policy on the adjudication of radiation-exposure cases.

Moreover, the conclusions contained in these comprehensive reviews and reports have generated much controversy—with respect to the analysis and review of certain specific research efforts—and, clearly, experimental and theoretical gains are being made that will likely necessitate updates to be undertaken for many years on data which have been available and about which there has been some consensus among certain scientists. In this regard, it was reported in an article entitled "New A-Bomb Studies Alter Radiation Estimates", published in the May 22, 1981, issue of Science (vol. 212, pages 900–903), that, as a result of advancements being made in computer technology, certain new techniques when applied to data on the bombings of Hiroshima and Nagasaki appear to show that many of the basic assumptions about the radiation fields produced by those atomic blasts may be incorrect and that human exposure to low-level radiation—including gamma ray exposure—may turn out to be more toxic than had been thought. Thus, because the state of knowledge as to the risks involved in and the possible outcomes of human exposure to radiation is a developing one, it is most important that the VA generally keep itself updated in this area; particularly the VA should keep abreast of new data (or new applications of already available data) and theories. The Committee believes that the processes and disciplines that the VA would need to develop in order to conduct the literature review and analysis (and the report and followup thereon) in the manner contemplated in section 504 of the Committee bill would, in addition, provide the VA with mechanisms to facilitate and enhance its efforts to remain current on developments.

Committee bill provisions

Section 504 of the Committee bill would require the VA to conduct a review and analysis of literature relating to long-term adverse health effects of human exposure to radiation, and provides expressly that the required review should encompass literature regarding nuclear device, medical, and occupational exposures to radiation. This section would provide for a radiation literature review in a manner very similar to the dioxin (agent orange) literature review the VA currently is conducting pursuant to the agent orange study mandated by section 307 of Public Law 96–151. The Committee bill also incorporates certain concepts embodied in proposed amendments to the agent orange study mandate that were passed by the Senate on June 16, 1981, in a substitute amendment to H.R. 3499 to clarify that the term "health effect" includes genetic and psychological effects and to require the promulgation of regulations containing guidelines—in light of the information available as a result of the literature review and other information—for resolving claims based on exposure to radiation from nuclear devices during active duty service. The Committee bill also includes a provision—derived as well from the Senate-passed amendments to the agent orange study mandate mentioned above—to authorize expressly the Administrator of Veterans' Affairs to contract with a non-VA entity for the conduct of the required review.

In connection with the required radiation literature review, the Committee bill would direct that the Administrator consult with an actively coordinate with other entities in the Federal Government that are involved or have been involved in radiation exposure-related studies. In this manner, the VA will be knowledgeable about radiation-related activities elsewhere in the Federal Government, and the VA would be provided with up-to-date reports with respect to ongoing federally funded research projects.

The purpose for the required radiation literature review and active coordination and consultation with other Federal entities is to assure that the VA is fully informed about available, relevant scientific information regarding human exposure to radiation. By requiring the VA to pull together such information specifically for the purpose of reaching reasonable determinations with respect to the very complex issues involved, the Committee seeks to assure that the VA is as informed as possible in order to be better able to resolve fairly and consistently radiation-related claims.

Section 504 of the Committee bill also would require the Administrator to submit two reports to the Congress. First, not later than 90 days after the date of enactment of the Committee bill, the VA would be required to submit a report on the steps taken and the plans made to assure that the required coordination with other Federal entities occurs. Second, not later than 18 months after the date of enactment of the Committee bill, the VA would be required to submit a report on the literature review, which would include comments and recommendations for, as necessary, both administrative and legislative action, as well as specific recommendations regarding the need for the VA to conduct further research of its own on the long-term adverse health effects of exposure to radiation. Further, the Administrator would be required to submit to the Federal entities with which the VA would be required to consult a copy of the report on the literature review, and to recommend to those Federal entities, as appropriate, that they carry out such additional research as the report might indicate is needed.

Finally, as mentioned above, section 504 of the Committee bill incorporates provisions—similar to the Senate-passed proposed amendments to the agent orange study and literature review—that would require the Administrator, not later than 90 days after the submission of the report on the literature review, to publish proposed regulations containing guidelines, standards, and criteria for resolving disability compensation claims based on radiation exposure and, after a public review and comment period, to promulgate final regulations. Thus, veterans and their survivors filing such claims would be assured that the VA is required to act with respect to the information that becomes available to it as a result of the proposed radiation literature review.

However, the Committee notes that nothing in this provision in any way requires the VA to change its policies or procedures with respect to consideration of such claims, which are set forth basically in section 0-20 of Program Guide 21-1. By requiring that proposed regulations be published in the Federal Register with the opportunity for public review and comment, the Committee intends to assure that the policies and procedures applied by the VA in making determinations in these claims are matters with respect to the development of which there is full public participation. But, the Committee emphasizes again that, if the VA proposed no changes in its policies or procedures as a result of the proposed literature review, it could publish section 0-20 of Program Guide 21-1 (with certain technical modifications), together with its reasons for so doing in light of the report on the literature review, and meet the requirements of this provision in the Committee bill. (For example, it should be noted that section 504 would not require the VA to develop rules with respect to the specific adverse health effects that develop subsequent to a known exposure to a quantifiable dose of radiation. Nor would the VA be required to quantify precisely the health risk to which a claimant was subjected in connection with in-service radiation exposure. Whether such guidelines can properly or should be established by the VA will be a matter for the agency to decide.)

Pre-existing authority to conduct research

With respect to carrying out the literature review and analysis that would be required by section 504, the Committee notes that section 4101(c) of title 38, United States Code, already authorizes the Administrator to carry out a program of medical research. In the Committee's view, that open-ended authority to conduct research and implicitly to authorize such appropriations therefor as may be necessary applies to the literature review and analysis that would be required by section 504 of the Committee bill.

Minimum Active-Duty Service Requirement

Background

New section 977 of title 10 added

During the Second Session of the 96th Congress, the Senate Armed Services Committee reported, on June 20, 1980 (S. Rept. No. 96-826), and the Senate passed, on July 2, in the Department of Defense Authorization Act, 1981, a provision adding to title 10, United States Code, a new section 977, entitled "Denial of certain benefits to persons who fail to complete at least two years of an original enlistment." The House of Representatives accepted the provision and it was signed into law on September 8, 1980, in Public Law 96-342.

This provision grew out of concerns that excessive numbers of servicemembers were, through inappropriate or unproductive conduct, bringing about their early discharges, that many of them had enlisted for the purpose of obtaining eligibility for veterans' benefits based on short periods of service, and that it is wasteful for the

Federal Government to provide veterans' benefits to those who fail substantially to fulfill their active-duty service commitments.

Briefly, section 977 provides, with certain exceptions, that any person who originally enlists in the service after September 7, 1980, and fails to complete at least 24 months of that original enlistment shall not be eligible for any right, privilege, or benefit (hereinafter referred to as a "benefit") based on active-duty service performed under that enlistment. This denial of benefits applies to benefits under title 38, relating generally to veterans' benefits and ser[illegible] which is under the jurisdiction of the Veterans' Affairs Committee, under laws other than title 38 that are administered by the VA, which are also under the jurisdiction of the Veterans' Affairs Committee, and under any other Federal laws providing for any benefits based on active-duty service. Pursuant to the exceptions specified in section 977, this denial of benefits does not apply to those who (1) were discharged under section 1173 of title 10, providing for hardship discharges for enlisted personnel who have dependents, (2) were discharged under chapter 61 of title 10, providing for separations because of physical disability, or (3) have been determined to be suffering from a disability that resulted from an injury or disease incurred in or aggravated during the period of enlistment and that was neither the result of the individual's "intentional misconduct" nor "incurred during a period of unauthorized absence".

Generally, former enlisted personnel who initially entered the service after September 7, 1980, would be denied a limited range of benefits under section 977. Since, as noted above, section 977 is generally not applicable to veterans who have a service-connected disability, benefits—such as VA disability compensation and comprehensive VA health-care services for service-connected disabilities—that are granted on the basis of such disabilities would not generally be denied. Also, so long as the United States is not in a period of war, VA pension, and civil service preference rights, and certain other benefits that are available only to veterans with either some wartime service or service-connected disabilities would generally not be denied under section 977. Thus, it appears that the only major categories of benefits that a veteran with no service-connected disability generally would clearly be denied under section 977 are the VA-administered post-Vietnam era veterans' educational assistance programs (VEAP), VA home-loan guarantys, VA health care for certain non-service-connected disabilities, and certain VA-supervised insurance. These benefits are all administered by the VA, and a 181-day minimum service requirement already exists in title 38 both for the receipt of the $2-for-$1 VA matching contributions under VEAP and for VA home-loan guarantys.

Although section 977 would on its face seem clearly to apply to ex-service members unemployment compensation under section 8521 of title 5, the Committee is advised that the Department of Labor has concluded that the more specific minimum service requirement in title 5—365 days (increased from 90 days by section 415 of Public Law 96-364, enacted on September 26, 1980)—applies instead.[1]

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[1] It is not clear to the Committee whether section 977 will be interpreted as applying to various benefits under social security and civil service laws so as to deny the veteran the benefits he or she would otherwise earn under those laws for each month or year that he or she served on active duty.

Problems under section 977

The Committee has analyzed section 977 and reviewed its implementation and noted the following problem areas with respect to programs under laws within the Committee's jurisdiction. First, the application of the two-year minimum service requirement only to enlisted personnel, and not to officers, seems inequitable to the Committee.

Second, in the cases of those with initial two-year enlistments who are discharged early under section 1171 of title 10, which provides for certain discretionary discharges up to three months before the expiration of an enlistment, the denial of benefits under section 977 appears to be in conflict with the language in section 1171 providing that discharges under that section do "not affect any right, privilege, or benefit, or benefits" (other than pay and allowances) that the individual would receive for completing the enlistment.

The Committee is advised by the Department of Defense that section 1171 is used to discharge active-duty personnel when budgetary or authorization limitations require a reduction in strength and when necessary in order to avoid non-productive reassignments for short periods of time, as in the cases of, for example, those with 90 days or less to serve after the deactivation or change of location of their units and those who are returned from overseas for discharge at the port of entry and complete their separation processing before the expiration of their enlistments.

In regulations implementing section 977, the VA took the position that two-year enlistees discharged under section 1171 who have no service-connected disabilities are not eligible for benefits on the basis that they fail to meet the minimum service requirement. (38 C.F.R. § 3.12a, published in volume 46 of the Federal Register at page 23,925 (April 29, 1981)).

Third, the exception to the denial of benefits for those who have a disability that resulted from a service-incurred or-aggravated disability applies even to those who have only noncompensable (zero-rated) disabilities, such as treatable dental cavities and non-disfiguring scars.

Fourth, section 977 requires the denial of benefits for compensation and VA health care for a disability incurred on active duty during any period of unauthorized absence, no matter how brief or inconsequential. The comparable title 38 provision governing the issue whether a disability resulting from an injury or disease incurred during an unauthorized absence may be considered service connected, section 105(b)(1), precludes a finding of service connection only if the individual was avoiding duty by deserting or by taking an unauthorized absence that materially interfered with the performance of military duties.

Fifth, some question has existed as to whether section 977 was intended to deny benefits to the survivors of those who died after leaving service and were themselves made ineligible for benefits by section 977. In the explanatory material accompanying the abovementioned regulations when they were originally published in proposed form, the VA took the position that the language of section 977 "expressly limits its application to servicepersons. It does not prohibit the payments of death benefits to the survivors of a veteran who served less than 24 months . . . :" (Federal Register, vol.

46, page 8575 (January 27, 1981)). Therefore, the proposed regulations did not modify the eligibility criteria in VA regulations for dependency and indemnity compensation or burial allowances, and the regulations were ultimately promulgated without change.

However, in a March 20, 1981, decision, the VA's General Counsel concluded that, in the cases of deceased veterans who were discharged before completing two years of active duty and met none of the section 977 exceptions, section 977 requires the denial of the Servicemen's Group Life Insurance claims of their survivors, who would otherwise be entitled to SGLI proceeds under section 768(a)(1) of title 38, which provides for the payment of proceeds when the veteran dies within the first 120 days after discharge (or up to one year after discharge if the veteran was totally disabled on the date of discharge). In reaching that conclusion, the General Counsel viewed the issue as one involving the veteran's insurance coverage, which he considered a "right, benefit, or privilege" of the veteran—rather than as one involving the SGLI beneficiaries' rights—and, thus, he did not address the issue of whether section 977 applies directly to SGLI beneficiaries' and other survivors' benefits.

In addition to having serious concerns regarding these issues, the Committee considers it highly inadvisable for the requirements of title 38 benefits eligibility or entitlement (hereinafter in this discussion, the term "eligibility" is used to refer to both eligibility and entitlement) to be set forth in part outside that title of the United States Code.

Prior to the enactment of section 977, all eligibility requirements for title 38 benefits were set forth in that title. Title 38, on its face, purports to establish all of the conditions of eligibility for the benefits provided in that title. Anyone looking at the provisions of title 38 would have no reason to suspect that provisions of law in another part of the United States Code would override title 38 with respect to eligibility issues.

Committee bill provisions

In order to bring the provisions governing eligibility for title 38 benefits and for VA benefits under other laws back into title 38, and to make certain changes in the effects of the section 977 provisions on eligibility for such benefits, section 505 of the Committee bill would amend title 38 to add a new section 3103A generally imposing a two-year minimum service requirement. The provisions of the new section are as follows:

The new title 38 section would provide that, notwithstanding any other provision of law (which would, of course, include section 977 of title 10), only the minimum service requirements that are set forth expressly in title 38 shall apply with respect to the eligibility of any person for a benefit under title 38, or for VA benefits under other laws, based on the service of a person who initially enters active duty after September 7, 1980. This new section generally goes on to impose a minimum service requirement of two years or the full initial obligation period, whichever is less, on those first entering active duty after that date.

Benefits for veterans

(a) Scope: Regarding the scope of the new section, it would apply—to the exclusion of section 977—to eligibility for any benefit (defined for purposes of the new section to include any right or privilege) under any laws administered by the VA, which includes certain provisions of public law not contained in title 38 or other parts of the United States Code, such as section 2 of Public Law 95–126 (relating to health care for the service-connected disabilities of certain ex-servicemembers with non-qualifying discharges) and any benefit under title 38. Most of the provisions of title 38 are administered by the VA, but some are administered by another agency or agencies of the Federal Government, such as certain veterans' reemployment rights provisions of chapter 43 of title 38, which are administered by the Department of Labor.

The new title 38 provision would not, however, apply to benefits under laws that are neither administered by the VA nor contained in title 38, such as unemployment compensation for ex-servicemembers under subchapter II of title 5, which is administered by the Department of Labor.

The scope of the proposed title 38 provision would be broader than section 977 with respect to the active-duty servicemembers affected because it would include commissioned and warrant officers in addition to enlisted personnel, the only category of personnel affected by section 977. However, as discussed more fully below in connection with the prospective and retroactive application of the proposed title 38 provision, the denial of benefits would be applicable only to officers who initially enter active duty after September 30, 1981.

With respect to those whose initial enlistments or other initial periods of obligated service are for less than twenty-four months, the proposed title 38 provision would require as a condition of benefits eligibility, in lieu of the two-year requirement in section 977, that the individual complete the full period of obligated service. It is the Committee's understanding that less-than-two-year periods of obligated active-duty service are not currently being used. However, it is certainly conceivable that one or more branches of the Armed Forces would make use of, for example, 20- or 18-month enlistments (or that, in certain eventualities, some reserve units would be put on active duty for a specified period of less than two years). In such cases, the Committee believes that it would be unfair to require—as section 977 seems to require—that the veterans who complete their full under-two-year tours of active duty generally be denied benefits simply because they failed to serve at least two years of active duty. Thus, in the cases of those whose initial period of obligated service is for less than two years, the Committee bill would require a denial of benefits only if they fail to complete their entire period of active duty (and, no other exceptions discussed below, apply).

Finally with respect to the scope of the new section, the Committee notes that it is not designed or intended to prohibit the otherwise available inservice use of any benefits, such as the VA home-loan guaranty under chapter 37 of title 38, prior to the completion of the minimum service requirements. Under section 977, it is not entirely clear to the Committee whether such inservice use of benefits was intended to be permitted.

(b) Exceptions: Under the proposed title 38 provision, there would be several exceptions to the general denial of benefits for those discharged before completing two years of service. Those exceptions, as compared to the exceptions in section 977, are as follows:

First, benefits would not be denied those who are discharged under section 1171 of title 10, pursuant to which an enlisted person may be discharged up to 90 days before the expiration of his or her enlistment. No such exemption is provided in section 977. However, the Committee believes that, since discharges under section 1171 serve the government's interest and do not reflect adversely on the quality of the individual's service or of the individual's commitment to carrying out fully the obligations of his or her enlistment, such an exception should be provided.

Second, benefits would not be denied those who are discharged under section 1173 of title 10, relating to hardship discharges. Section 977 also provides this exception.

Third, an exception would be provided for those who are "discharged or released from active duty . . . because of a service-connected disability". In a very similar fashion, section 977 provides an exception for those "discharged under . . . chapter 61" of title 10, which provides for separations for physical disability. A major difference between the two provisions is that the proposed title 38 amendment would give the VA the ultimate responsibility for determining whether the disability for which the veteran was discharged would render the veteran generally eligible for benefits. That same approach is followed consistently in title 38 in establishing the criteria for specific benefits. Thus, for example, a discharge because of a service-connected disability is a basis for eligibility for certain health care (section 610(a)(2)), home-loan guaranty (section 1818(a)(3)), and employment assistance (sections 2001(3) and 2011(3)) benefits under title 38. Sections 901 and 902, relating to certain burial benefits, refer to discharges for disabilities incurred or aggravated "in line of duty"; but, under the definition of the term service-connected in section 101(16) of title 38, the effect is the same.

Fourth, benefits would not be denied to a veteran who has a compensable service-connected disability. By comparison, section 977 provides an exception for veterans with any service-connected disability, including a disability so slight as to be rated as zero-percent disabling and for which no compensation is payable. As suggested above, the Committee's view is that, in order to provide a basis for general veterans' benefits eligibility for those who would otherwise be ineligible, a service-connected disability should be compensable.

Fifth, an exception would be established for any benefit provided for a service-connected disability or condition. This exception would enable ex-servicemembers who have no compensable disabilities to receive benefits specifically for or on account of particular service-connected conditions or disabilities, such as outpatient treatment for non-compensable dental conditions or disabilities under section 612(b)(2) of title 38. In the Committee's view, it is very important for the Government to meet what the Committee considers a fundamental obligation to provide treatment for service-connected disabilities even though, as noted above, the Committee does not believe that it is appropriate to predicate general benefits eligibility on the basis of zero-rated disabilities.

Sixth, the Committee bill specifically provides an exception for the payment of Servicemen's Group Life Insurance (SGLI) proceeds under section 768(a)(1)(A) of title 38, which provides a 120-day "grace" period (up to a one-year grace period for those who are totally disabled when discharged) following the date of discharge.

Ironically, although section 977 does not, under the VA's interpretation affect survivors' benefits, it does prohibit the payment of SGLI proceeds—despite the fact that the post-service, statutory grace-period coverage is, like all other SGLI coverage, pre-paid by premiums paid during active duty. (This is, of course, true until such time as this prohibition on the payment of proceeds is taken into account in the computation of premiums and any resulting reduction in premiums put into effect. As of the present time, the Committee is advised that this has not taken place.)

In the Committee's view, there is very little or no governmental interest served by the section 977 prohibition on the payment of SGLI proceeds. Permitting the insurance proceeds to be paid to the survivors of those who die within the grace period would be very unlikely to have any effect on a servicemember's conduct or attitude toward completing a specified period of service. Moreover, SGLI proceeds are paid by insurance companies out of non-Governmental funds.

On the other hand, the proceeds would be extremely important to certain ex-servicemembers' beneficiaries, such as the surviving spouse and children of a veteran who was unable during the grace period to obtain life insurance to replace SGLI.

Seventh, the Committee bill would make clear that it would have no effect on the provision of benefits under applicable law prior to October 1, 1981. The rationale for this provision is discussed below with respect to the prospective and retroactive application of the provisions of the bill.

Applicability to survivors

With respect to survivors, the proposed new title 38 section would generally prohibit the provision of title 38 and VA benefits to the survivors of those who would generally be precluded under this new section from receiving benefits. (In addition, the survivors of those who were eligible only for benefits specifically for a noncompensable disability or condition would not be eligible for survivors' benefits.) Section 977, as interpreted by the VA, generally does not forbid the providing of benefits to survivors. Thus, under the VA regulations cited above, the provision of burial benefits is unaffected by section 977—as are service-connected benefits, such as dependency and indemnity compensation (DIC), which is payable to the survivors of those who die as the result of service-connected disabilities. Consequently, in certain (albeit predictably rare) circumstances, the veteran would receive much less favorable treatment under section 977 than his or her survivors. Thus, where the veteran has been made ineligible for VA benefits, including compensation for a service-connected disability because the disability resulted from an injury incurred during a brief, inconsequential, unauthorized absence, if the veteran were to die as the result of that same disability, DIC and the service-connected burial benefit would be payable to the survivors.

The Committee bill is designed to eliminate any such anomalous results.

Prospective and retroactive application

In the design of the proposed title 38 provision with respect to its retroactive application, the Committee was concerned both about fairness to the individuals involved and the problems that a new set of eligibility criteria would create for the VA's administration of benefits programs. In this connection, the Committee is aware that making the new title 38 provision applicable completely prospectively, that is, applicable only to those who initially enter active-duty service on or after the date of the enactment of the Committee bill or a subsequent, specified effective date, would create a very complicated administrative situation in which the general eligibility of post-Vietnam-era veterans to VA and title 38 benefits would be subject to three separate sets of rules depending on the date of entry on active duty—one for those who initially entered active duty on or after May 8, 1975, the day after the last day of the Vietnam era, but before September 8, 1980; a second for those who initially entered active duty between September 7, 1980, and the effective date of the Committee bill; and a third for those who initially enter active duty on or after the effective date of the Committee bill. To a certain extent, however, the establishment of such separate rules is unavoidable if principles of fundamental fairness are observed.

The choices made by the Committee in this respect reflect an effort to make the administrative burden as light as possible while maintaining basic principles of fairness in the treatment of the individuals involved. Thus, the Committee bill contains the following provisions:

First, expansion of the scope of the provision to include commissioned and warrant officers is proposed to be made fully prospective. Thus, the minimum-service requirement would be made applicable to these categories of personnel with respect to title 38 and VA benefits in basically the same manner that section 977 of title 10 was made applicable to enlisted personnel.

Second, in the case of one who has been discharged without completing two years of active duty and who, under section 977, has general benefits eligibility on the grounds of a service-connected, non-compensable condition or disability, the Committee bill provisions would apply retroactively to deny general title 38 and VA benefits eligibility, would provide continuing eligibility for any such benefits provided specifically for or on account of that condition or disability, and would preclude any pay-back requirement for any other title 38 or VA benefit that is provided prior to October 1, 1981.

Third, the applicability of the minimum-service requirement to survivors would, as a practical matter, generally have a prospective effect in the sense that it would generally apply only with respect to benefits that accrue after September 30, 1981.

Fourth, the provision restoring entitlement to SGLI proceeds would be fully retroactive. In this connection, the Committee notes that the deceased veterans involved paid premiums computed on the expectation that the proceeds would be paid to their beneficiaries.

Comparison of Committee bill provisions with pending Senate amendment to section 977 of title 10

On May 13, 1981, recognizing problems that had arisen under section 977 of title 10 since its enactment last year, such as those noted above, Senator Simpson offered and the Senate agreed to a floor amendment (Unprinted Amendment No. 96) to S. 815, the proposed "Department of Defense Authorization Act of 1982", for the purpose of amending section 977 in order to resolve such problems. The Senate passed S. 815 with that amendment on May 14, 1981. As of July 15, the House of Representatives had not yet passed a Department of Defense authorization bill for 1982.

In the Committee's view, it would, as noted above, be far preferable—even if the title 10 provision were completely in agreement with the substantive provisions of the Committee bill—for any minimum service requirement to be codified in title 38 insofar as that requirement affects eligibility for title 38 and VA benefits.

In addition, the Committee notes that there are certain substantive differences between the provisions of the Committee bill and the Senate-passed amendment to S. 815 (hereinafter referred to as the "title 10 amendment"), as follows:

First, the title 10 amendment, but not Committee bill, would apply retroactively to deny benefits to officers who both initially entered and were separated from active duty during the period between September 8, 1980 (the date section 977 was enacted and took effect), and the date of enactment of the proposed change in the law with respect to officers. The rationale for the Committee bill in this respect—consistent with the prospective-only approach in present section 977—is that, although the distinction between officers and enlisted personnel with respect to the minimum service requirement should be eliminated, it would be unfair in this situation to change the rules after the fact for the ex-officers affected who are now (or soon will be) back in civilian life and who have had no reason to believe that they have taken or been subjected to any action that might deprive them of their general eligibility to veterans' benefits.

Second, the wording of both the title 10 amendment and present section 977 (one who "fails to complete" 24 months "shall not be eligible") may create some doubt as to whether active-duty personnel who have completed less than two years of service may make in-service use of certain benefits, such as their VA home-loan guaranty entitlement before completing two years of active duty. There is no legislative history to clarify the intent behind these provisions. The Committee bill is worded (one shall be ineligible only if one "is discharged . . . before completing" 24 months) so as to leave intact the opportunity provided in title 38 for active-duty service personnel with more than 180 days of service to use such entitlements.

Third, both the title 10 amendment and the Committee bill would apply retroactively to remove eligibility in the cases of (1) former enlisted personnel who entered the service after September 7, 1980, and are separated before the date of enactment of the proposed change in the law and who have eligibility based on a noncompensable service-connected disability, and (2) the survivors of those who are ineligible for benefits (the benefit involved in the cases of such survivors would, at least primarily, be certain burial and related benefits). However, the Committee bill, but not the title 10 amendment, would expressly provide that no repayment of benefits paid before October 1, 1981, would be required. The reasoning behind the Committee bill in this respect is that it is more fair to allow the individuals involved to keep any benefits that they lawfully received before the law is changed than to put them at risk of a collection effort arising out of retroactive change in the law.

Fourth, the Committee bill, but not the title 10 amendment, would, as discussed above, allow the survivors of a veteran who is separated before fulfilling the minimum service requirement to receive SGLI proceeds under section 768(c)(1)(A) of title 38 if the veteran dies during the 120-day "grace" period (up to a one-year period in the cases of those who are totally disabled) following discharge.

Fifth, as discussed above, the Committee bill, but not the title 10 amendment, would make a minimum service requirement applicable to those, if any, whose initial period of obligated service is for less than 24 months.

Cost Estimate

In compliance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate, the Committee, based on information supplied by the Congressional Budget Office, estimates that the costs resulting from the enactment of the Committee bill during the first 5 years following enactment would be $887.5 million in fiscal year 1982; $964.8 million in fiscal year 1983; $964.8 million in fiscal year 1984; $960.8 million in fiscal year 1985; and $955.8 million in fiscal year 1986. A detailed breakdown of the costs, as estimated by CBO, over the five-year period follows:

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE—JULY 7, 1981

1. Bill number: S. 917.
2. Bill title: The Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981.
3. Bill status: As ordered reported by the Senate Committee on Veterans' Affairs, June 25, 1981.
4. Bill purpose: To increase the rates of Disability Compensation and Dependency and Indemnity Compensation (DIC), to authorize the Administrator of Veterans' Affairs to guarantee home loans with graduated payment plans, to increase the maximum amount payable for specially adapted housing assistance, and for other purposes.
5. Cost estimate:

[By fiscal years, in millions of dollars]

	1982	1983	1984	1985	1986
Required budget authority	964.2	964.9	964.8	960.3	955.4
Estimated outlays	887.5	964.8	964.8	960.8	955.8

The cost of this bill falls within budget function 700.

This bill would result in additional future Federal liabilities through extensions of existing entitlements and would require subsequent appropriation action to provide the necessary budget authority. The figures shown as "Required Budget Authority" represent an estimate of the additional budget authority needed to cover the estimated outlays that would result from enactment of S. 917.

6. Basis for estimate: The following section-by-section cost analysis addresses only those sections of this bill that would be expected to have a budgetary impact.

Title I

Sections 101–103: These sections would increase the rates of disability compensation to veterans and their dependents by 11.2 percent, with the exception of the rate payable under section 314(k) (title 38, U.S.C.), which would remain unchanged.

[By fiscal years, in millions of dollars]

	1982	1983	1984	1985	1986
Required budget authority	782.7	782.2	780.1	773.0	765.5
Estimated outlays	720.1	782.2	780.3	773.6	766.1

The cost of these sections was estimated by multiplying by 11.2 percent the projected average cost for all veterans receiving compensation in each year. The resulting average increase in cost was then multiplied by the estimated number of disability compensation cases in each year. This gross cost figure was then reduced by the estimated savings from holding the rate for section 314(k) cases unchanged. The cost for the increase in the clothing allowance was estimated by multiplying the projected number of cases receiving clothing allowances by the amount of the increase.

Section 104: This section would raise the statutory award categories under which disability compensation benefits are paid to veterans who have lost or lost the use of both upper extremities as a result of military service.

[By fiscal years, in millions of dollars]

	1982	1983	1984	1985	1986
Required budget authority	1	1	1	1	1
Estimated outlays	1	1	1	1	1

This estimate is based on March 1981 actual counts of the number of veterans receiving benefits in each of the affected award categories, multiplied by the difference between the award under current law and the benefit payable in the new category as increased by section 101 of this title.

Title II

This title would increase all monthly DIC rates by 11.2 percent.

[By fiscal years, in millions of dollars]

	1982	1983	1984	1985	1986
Required budget authority	175.1	176.5	178.9	181.3	184.1
Estimated outlays	161.0	176.4	178.7	181.2	183.9

The cost of this was estimated by multiplying the projected average cost in each year for all DIC cases by 11.2 percent, then multiplying the resulting average increase in cost by the estimated number of cases in each year.

Title III

Section 301: This section would increase from $3,800 to $5,000 the maximum assistance payable to certain disabled veterans for the purchase of automobiles. Also, the section would extend eligibility for adaptive equipment, but not for automobiles, to veterans entitled to compensation for ankylosis of one or both knees, or one or both hips.

[By fiscal years, in millions of dollars]

	1982	1983	1984	1985	1986
Required budget authority	1.7	1.5	1.1	1.3	1.1
Estimated outlays	1.7	1.5	1.1	1.3	1.1

The estimated cost of the increase in automobile assistance grants is based on historical trends in the number of such grants made each year and assumes that all grants will be for the maximum amount allowable.

According to VA data, there are 2,512 veterans receiving compensation for ankylosis of one or both knees, or one or both hips. It was assumed that 35 percent of these individuals would apply for adaptive equipment in the first year, 25 percent the second year, and 10 percent the third year. In fiscal years 1985 and 1986, 25 percent and 20 percent, respectively, of these veterans were assumed to apply for reinstallation of the adaptive equipment in new cars. An average cost of $1,000 was assumed for the necessary adaptations.

Title IV

Sections 401 and 402: These sections would authorize the Veterans' Administration (VA) to guarantee home loans with provisions for graduated payment plans and would exempt VA home loans from any State laws that prohibit graduated payment plan mortgages.

There is no reason to expect that this provision would significantly increase the total number of loans guaranteed by VA. Nor is it expected that graduated payment plan loans would have a higher incidence of default than other VA-guaranteed loans. Therefore, it is not anticipated that a significant cost to the government nor a significant increase in federal credit activity would result from the enactment of this provision.

Section 403: This section would increase the maximum amount allowable for specially adapted housing grants from $30,000 to $35,000.

[By fiscal years, in millions of dollars]

	1982	1983	1984	1985	1986
Required budget authority	3.7	3.7	3.7	3.7	3.7
Estimated outlays	3.7	3.7	3.7	3.7	3.7

Based on historical experience, approximately 600 specially adapted housing grants are expected to be awarded each year under current law. This estimate assumes that an increase of 20 grants per year would occur as a result of this provision and that all grants would be made at the $35,000 maximum.

Title V

Section 501: This section provides that the pension benefits of disabled veterans shall not be reduced after three months of hospitalization if such hospitalization is in conjuction with a prescribed VA rehabilitation program.

Since this provision would only affect a small number of cases in any one year, its cost should not be significant.

Sections 502 and 503: These sections would authorize the VA to provide memorial headstones or markers in the cases of veterans whose remains are not recovered or identified, who are buried at sea, whose remains are donated to science, or whose remains are cremated and the ashes scattered without interment. Furthermore, the VA would not be authorized to set aside, when available, suitable areas in national cemeteries to memorialize such veterans, as well as those who are missing in action.

The cost of these provisions should not be significant.

Section 505: This section would amend section 3103 (title 38, U.S.C.) to provide that persons who enter active duty military service on or after September 7, 1980 will not be eligibile for veterans' benefits based on such service unless they complete 24 months or more of active duty service. This provision would not apply to a service person discharged for or later determined to have a compensable service-connected disability.

This provision amends title 38 to conform to the change in law effected by Public Law 96-342, the Department of Defense Authorization Act of 1981. It would, therefore, have no budgetary impact.

7. Estimate comparison: None.
8. Previous CBO estimate: None.

9. Estimate prepared by: K. W. Shepherd, E. A. Peden.
10. Estimate approved by:

JAMES L. BLUM,
Assistant Director for Budget Analysis.

REGULATORY IMPACT STATEMENT

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee on Veterans' Affairs has made an evaluation of the regulatory impact which would be incurred in carrying out the Committee bill. The results of that evaluation are as follows:

The Committee bill has six titles: I—Veterans' disability compensation benefits; II—Survivors' dependency and indemnity compensation benefits; III—Automobile assistance and adaptive equipment amendments; IV—VA housing benefits amendments; V—Miscellaneous provisions; and VI—Effective dates.

A. *Estimates of the numbers of individuals and businesses who would be regulated, and a determination of the groups and classes of such individuals and businesses:*

Title I.—Title I, which provides for rate increases in the service-connected disability compensation program, would not result in the regulation of any individuals or businesses.

Title II.—Title II, which provides for rate increases in the dependency and indemnity compensation program, would not result in the regulation of any individuals or businesses.

Title III.—Title III, which provides for an increase in the amount of automobile assistance and expands eligibility for adaptive equipment to certain service-connected disabled veterans, would not result in the regulation of any individuals or businesses.

Title IV.—Title IV, which would permit the Administrator to guarantee home loans with provisions for various rates of amortization and increase the maximum amount of assistance available for specially adapted housing for certain service-connected disabled veterans, would not result in the regulation of any individuals or businesses.

Title V.—Title V, which would provide for continued payment of pension to certain hospitalized veterans; provide for the furnishing of headstones and markers in certain cases; require the Administrator to conduct a review and analysis of literature relating to the long-term adverse effects of exposure to radiation and, subsequently, require the development of regulations pursuant to which claims for benefits based on such exposure would be resolved; and require a minimum period of active-duty service for the purposes of certain veterans benefits; would not result in the regulation of any individuals or businesses. The regulations required to be developed by the Administrator relating to exposure to radiation, once issued, would not regulate any individuals or businesses, but would provide a framework for the resolution of certain claims for VA benefits.

B. *Determination of the economic impact of such regulations on individuals, consumers and businesses affected:* Since, as previously indicated, there would be no such regulation, there would be no such impact.

C. *Determination of the impact on the personal privacy of the individual affected:* The enactment of the Committee bill would not increase any impact on the personal privacy of participants in the programs involved.

D. *Determination of the amount of additional paperwork that will result from regulations to be promulgated under the bill:* The only significant increase in paperwork that is likely to result from regulations to be promulgated under the Committee bill will be in the form of increased activity, both by veterans and the VA, in the area of claims for benefits based on disabilities attributed to exposure to radiation once the regulations required to be issued in title V of the Committee bill are promulgated. It is impossible to determine at this point the amount of paperwork that would be involved.

SECTION-BY-SECTION ANALYSIS OF S. 917 AS REPORTED

Section 1

Subsection (a) of section 1 would provide that this Act may be cited as the "Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981".

Subsection (b) of section 1 would provide that, except when otherwise expressly provided, an amendment to or repeal of a section or other provision shall be considered to be an amendment to or repeal of a section or other provision of title 38, United States Code, relating to veterans' benefits.

TITLE I—VETERANS' DISABILITY COMPENSATION BENEFITS

Section 101

Would amend present section 314 of title 38, relating to the rates of service-connected disability compensation.

Subsection (a) of section 101 would amend subsections (a) through (j) of present section 314 to increase by 11.2 percent the basic monthly rates of compensation paid to veterans with disability rated from 10 to 100 percent. Currently, a veteran with a 10-percent disability receives $54 monthly, and a veteran with a disability rated as total—100 percent—receives $1,016 monthly. Those rates would be increased to $60 and $1,130, respectively, by the Committee bill, and the rates for disabilities rated 20 to 90 percent would be increased by the same percentage. This section would also increase by 11.2 percent the higher monthly rates of compensation authorized under subsections (l) through (o) of such section for veterans with certain combinations of severe disabilities; the aid-and-attendance allowance rates authorized under subsection (r); the housebound rate authorized under subsection (s); the additional amount payable under subsection (t) to certain veterans who have suffered the service-connected loss or loss of use of the other, paired extremity; and the limitations on the total amount payable monthly to a veteran entitled to compensation under subsection (k) who is also entitled to compensation under another subsection of present section 314. Also, the maximum amount payable monthly to a veteran under subsection (p), which authorizes the Administrator to pay the next higher rate or intermediate rate to a veteran whose disabilities exceed the requirements for any of the rates prescribed in section 314, or who is both blind and deaf, would be increased by 11.2 percent.

Subsection (b) of section 101 would authorize the Administrator of Veterans' Affairs to increase by 11.2 percent the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85–857 who do not receive compensation under chapter 11 of title 38. Public Law 85–857 generally codified in title 38 of the United States Code the laws relating to veterans' benefits; section 10 of that law provided that any individual who was receiving benefits as a veteran on December 31, 1958, under public laws administered by the VA but not so codified, was to continue to receive benefits at the rates payable under such public laws or under corresponding provisions of title 38, whichever is the greater, as long as he or she remains eligible.

Section 102

Would amend present section 315 of title 38, relating to additional compensation payable monthly to veterans with service-connected disability rates of 30 percent or more who have spouses, children, and dependent parents, to increase those allowances by 11.2 percent.

Clauses (1) through (10) of section 102 would amend clauses (A) through (J) of present section 315(1), relating to additional compensation—"dependents' allowances"—payable monthly to a totally disabled veteran who has dependents, to increase those allowances by 11.2 percent. Under existing law, a veteran so disabled who has a spouse, but no child, the amount is $62; if the married veteran has one child, the amount is $104; if two children, $138; if three children, $173; and if more than three children, $173 plus $34 for each child in excess of three. Under the Committee bill, those amounts would be increased to $69, $153, $192, and $38, respectively.

Also under existing law, a totally disabled veteran who has no spouse receives a monthly allowance of $42 for one child; $77 for two children; $111 for three children; and $34 for each child in excess of three. Under the Committee bill, those amounts would be increased to $47, $86, $123, and $38, respectively.

The Committee bill would also increase by 11.2 percent the amount of the dependents' allowance payable monthly to a totally disabled veteran who has a dependent parent or parents from $50 (for each such parent) to $56; to such a veteran who has a severely disabled spouse, from $112 to $125; and to such a veteran who has a child age 18 or older who is pursuing a course of education at an approved educational institution, from $94 to $105.

Under paragraph (2) of present section 315, the additional compensation payable to veterans rated from 30- to 90-percent disabled is prorated, so that, for example, a veteran rated at 30 percent would receive 30 percent of the amount specified in paragraph (1) of such section.

Section 103

Would amend present section 362 of title 38, relating to the clothing allowance payable annually to a veteran receiving compensation whose disability requires the use of a prosthetic or orthopedic appliance or appliances, including a wheelchair, that tends to wear out or tear the veteran's clothing, to increase that allowance by 11.2 percent, from $274 to $305.

Section 104

Would further amend present section 314 of title 38, relating to the rates of service-connection disability compensation, to increase the rates payable to veterans with certain combinations of severe service-connected disabilities.

Clauses (1) and (2) of section 104 would amend subsections (l) and (m) of present section 314 to increase the rate of compensation paid to a veteran who suffers from the service-connected anatomical loss or loss of use of both hands from the rate prescribed by present subsection (l)—$1,262 monthly—to the rate prescribed by present subsection (m)—$1,393 monthly. The amendments proposed to be made by section 101(13) of the Committee bill would increase the latter rate to $1,547 monthly.

Clause (3) of section 104 would amend subsection (n) of present section 314 to increase the rate of compensation paid to a veteran who suffers from the service-connected anatomical loss or loss of use of both arms at a level, or with complications, preventing natural elbow action with prosthesis in place from the rate prescribed in present subsection (m)—$1,391 monthly—to the rate prescribed in present subsection (n)—$1,581 monthly. The amendments proposed to be made by section 101(14) of the Committee bill would increase the latter rate to $1,758 monthly.

Clause (4) of section 104 would amend subsection (o) of present section 314 to increase the rate of compensation paid to a veteran who suffers from the service-connected anatomical loss of both arms so near the shoulder as to prevent the use of a prosthetic appliance from the rate prescribed in present subsection (n)—$1,581 monthly—to the rate prescribed in present subsection (o)—$1,768 monthly. The amendments proposed made by section 101(15) of the Committee bill would increase the latter rate to $1,966 monthly.

Title I—Cost: Enactment of the provisions of title I is estimated to cost $783.7 million in budget authority and $721.1 million in outlays in fiscal year 1982.

TITLE II—SURVIVORS' DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS

Section 201

Would amend present section 411 of title 38, relating to the rates of dependency and indemnity compensation (DIC) for the surviving spouses of veterans who deaths were service connected.

Clause (1) of section 201 would amend subsection (a) of present section 411, relating to basic dependency and indemnity compensation rates payable to surviving spouses of veterans whose deaths were service connected, to increase by 11.2 percent the DIC benefit payable monthly to such a surviving spouse. Under current law, DIC benefits are paid according to the pay grade—service rank—of the deceased veteran; and the amount range from $373 per monthly for the surviving spouse of a veteran who had attained the grade of E-1 to $954 for the surviving spouse of a veteran who had attained the grade O-10. Those rates would be increased to $415 and $1,061, respectively; proportionate increases would be provided in the rates for the intermediate pay grades and in the rates payable to the surviving spouses of veterans who had served in the position specified in footnotes 1 and 2 to the table of grades and rates in existing section 411. These increases would automatically result in identical increases in the benefits payable at DIC rates under section 410(b) of title 38 to surviving spouses of certain veterans compensated at the 100-percent rate whose deaths were not service connected.

Clause (2) of section 201 would amend subsection (b) of present section 411, to increase by 11.2 percent, from $43 to $48, the additional amount—dependents' allowances—payable for each child under the age of 18 to a surviving spouse receiving DIC.

Clause (3) of section 201 would amend subsection (c) of present section 411 to increase by 11.2 percent, from $112 to $125, the additional amount of DIC payable monthly to a surviving spouse who is a patient in a nursing home, or who is helpless or blind or so nearly helpless or blind as to require the regular aid and attendance of another person.

Clause (4) of section 201 would amend subsection (d) of present section 411 to increase by 11.2 percent, from $56 to $62, the DIC payable monthly to a surviving spouse who is so disabled as to be permanently housebound, but not in need of regular aid and attendance.

Section 202

Would amend present section 412 of title 38, relating to DIC for surviving children of veterans whose deaths were service connected, to provide an 11.2 percent increase in the monthly rates of DIC payable to the veteran's children where no surviving spouse is entitled. The current rates of $189 for one child, $271 for two children, $350 for three children, plus $71 for each additional child would be increased to $210, $301, $389, and $79, respectively. Benefits payable at DIC rates under present section 410(b) of title 38 to the surviving children of certain veterans compensated at the 100-percent rate whose deaths were not service connected would also be automatically increased as a result of the section 413 increase.

Section 203

Would amend section 414 of title 38, relating to supplemental DIC for certain surviving children.

Clause (1) of section 203 would amend present section 414(a) to provide an 11.2 percent increase, from $112 to $125, in the additional allowance payable monthly to a child eligible for DIC who has attained the age of 18 and who became permanently incapable of self-support before reaching age 18.

Clause (2) of section 203 would amend present section 414(b) to provide an 11.2 percent increase, from $189 to $210, in the DIC payable monthly, concurrently with the payment of DIC to a surviving spouse, to a surviving child who has attained the age of 18 and who became permanently incapable of self-support before reaching age 18.

Clause (3) of section 203 would amend present section 414(c) to provide an 11.2 percent increase, from $96 to $107, in the additional DIC payable monthly, concurrently with the payment of DIC to a surviving spouse, to a surviving child pursuing a course of education approved under present section 104 of title 38.

Title II—Cost: Enactment of the provisions of title II is estimated to cost $175.1 million in budget authority and $161 million in outlays in fiscal year 1982.

TITLE III—AUTOMOBILE ASSISTANCE AND ADAPTIVE EQUIPMENT AMENDMENTS

Section 301

Would amend present section 1902 of title 38, relating to the automobile assistance and adaptive equipment allowances payable to veterans with certain severe service-connected disabilities.

Clause (1) of section 301 would make technical amendments to present section 1902.

Clause (2) of section 301 would amend subsection (a) of present section 1902 to increase the maximum amount of assistance payable by the Administrator toward the purchase price of an automobile or other conveyance from $3,800 to $5,000.

Clause (3) of section 301 would amend subsection (b) of present section 1902 to make a technical amendment and to add a new paragraph as follows:

New paragraph (2) of section 1902(b): Would require the Administrator to provide such appropriate adaptive equipment to any veteran who suffers from service-connected ankylosis of one or both knees, or one or both hips, as is determined to be necessary, under regulations which the Administrator shall prescribe, to meet the applicable standards of licensure established by the State of the veteran's residency or as is determined by the Chief Medical Director to be necessary for the safe operation of the automobile by the veteran.

Section 302

Would amend present section 1903(b) of title 38, relating to limitations on automobile and adaptive equipment assistance, to make a technical amendment.

Title III—Cost: Enactment of the provisions of title III is estimated to cost $1.7 million in budget authority and outlays in fiscal year 1982.

TITLE IV—VETERANS' ADMINISTRATION HOUSING BENEFITS AMENDMENTS

Section 401

Would amend present section 1803(d) of title 38, relating to the basic provisions applicable, to the home loan guaranty program, to add two new subparagraphs as follows:

New subparagraph (B) of section 1803(d)(2): Would permit the Administrator to guarantee loans with provisions for various rates of amortization corresponding to anticipated increases in family income—so-called "graduated-payment mortgage" loans. With respect to such loans, this new subparagraph would provide that the initial principal amount of the loan may not exceed the reasonable value of the property at the time the loan is made and that the principal amount of the loan (and all deferred interest) may not at any time exceed the projected value of the property.

New subparagraph (C) of section 1803(d)(2): Would provide that, for the purposes of graduated-payment mortgage loan guaranties, the projected value of the property would be calculated by increasing the reasonable value of the property at the time the loan is made by a rate not in excess of 2.5 percent per year and that such projected value could not exceed 115 percent of such reasonable value. This new subparagraph would further specify that graduated-payment mortgage loans for purposes other than the acquisition of a single-family dwelling unit may not be guaranteed by the VA.

Section 402

Would amend present section 1828 of title 38, relating to the exemption of VA-guaranteed home loans from State anti-usury laws, to extend the exemption to include exemptions from State laws that restrict the manner of calculating interest (including prohibition of the charging of interest on interest) and require a minimum amortization of principal.

Section 403

Would amend present section 802 of title 38, relating to the maximum amount of assistance available for specially adapted housing for certain severely service-connected-disabled veterans, to increase the maximum from $30,000 to $35,000. This section of the Committee bill would also make technical amendments to present section 802.

Section 404

Would amend present section 1826 of title 38, relating to the withholding of payments and benefits, to conform the provisions of chapter 37 to the provisions of present section 3114, relating to indebtedness offsets, enacted by Public Law 96-466, which requires the Administrator to recover debts owed the VA by deducting such debts from future VA-benefit payments.

Title IV—Cost: Enactment of the provisions of title IV is estimated to cost $3.7 million in budget authority and outlays for fiscal year 1982.

TITLE V—MISCELLANEOUS PROVISIONS

Section 501

Would amend present section 3203(a)(1) of title 38, relating to the reduction of non-service-connected pension payable to a single veteran without dependents during certain extended periods of institutionalization at VA expense, to add a new subparagraph as follows:

New subparagraph (D): Would provide that, for the purposes of computing the length of the period of VA hospital or nursing home care after which the veteran's non-service-connected pension is reduced, in those cases in which the primary purpose of the care is the provision of a prescribed program of rehabilitation services, only periods of care that exceed 180 days within a 12-month period would be counted as time during which the veteran is being furnished.

Section 502

Would amend present section 906 of title 38, relating to the Administrator's authority to furnish headstones and markers for placement in national cemeteries or private or local cemeteries in the cases of veterans whose remains have not been recovered or identified or whose remains were buried at sea, to permit the Administrator to furnish such markers for placement in State veterans' cemeteries and in the cases of veterans whose remains were donated to science or were cremated and the ashes scattered.

Section 503

Would amend present section 1003(a) of title 38, relating to memorial areas in national cemeteries, to require the Administrator, in those areas in such cemeteries required under current law to be set aside to honor the memories of members of the Armed Forces missing in action or whose remains have not been identified or recovered or have been buried at sea, to honor also the memories of veterans whose remains are similarly not interred or whose remains have been donated to science or cremated without interment of the ashes.

Title V—Cost: Enactment of the provisions of title V is estimated to entail no significant cost.

Section 504

Would require the VA to conduct a review of the scientific and medical literature relating to the long-term health effects in humans of exposure to, and to issue regulations for the resolution of claims based on exposure to radiation.

Paragraph (1) of subsection (a) of section 504 would require the VA to conduct a comprehensive review and scientific analysis of literature covering studies already conducted or underway relating to the long-term adverse health effects of human exposure to radiation, including nulcear device, medical, and occupational exposures.

Paragraph (2) of subsection (a) of section 504 would expressly authorize the Administrator to contract with non-VA entities for the conduct, in whole or in part, of such review and analysis.

Subsection (b) of section 504 would require the Administrator to provide for appropriate coordination and consultation with other Federal agencies that are conducting or have conducted studies relating to the adverse health effects in humans of exposure to radiation.

Paragraph (1) of subsection (c) of section 504 would require the Administrator, not later than 90 days after the date of enactment, to submit to the appropriate committees of the Congress a report containing a description of the Administrator's efforts and plans to assure that the requirement for coordination and consultation with other Federal agencies is met.

Paragraph (2) of subsection (c) of section 504 would require the Administrator, not later than 18 months after the date of enactment, to submit to the appropriate committees of the Congress a report on the required literature review, including recommendations for appropriate administrative or legislative actions and recommendations as to whether additional scientific investigations regarding human exposure to radiation should be undertaken by the VA or another Federal agency.

Paragraph (3) of subsection (c) of section 504 would require the Administrator, not later than 90 days after the report on the literature review and analysis proposed to be required by paragraph (2) of this subsection, to develop and publish in the Federal Register, for public review and comment, proposed regulations for the resolution of claims based on exposure to radiation. The proposed regulations would be required to contain proposed guidelines, standards, and other criteria for resolving claims and would include specifications of any presumptions to be applied to the resolution of claims. Not later than 90 days after the completion of the public-review-and-comment period, the Administrator would be required to publish final regulations.

Section 505

Would amend chapter 53 of title 38, United States Code, relating to various special provisions with respect to veterans' benefits, to add a new section 3103A, entitled "Minimum active-duty service requirement".

New section 3103A: Would incorporate into title 38, with certain modifications and with application only to the extent of title 38 and VA-administered benefits, the general requirement in section 977 of title 10, United States Code, that persons who initially enter active duty after September 7, 1980, and fail to complete at least two years of their initial period of obligated service be denied benefits based on active-duty service. The provisions of new section 3103A are as follows:

Subsection (a) of new section 3103A: Would provide that, notwithstanding any other provision of law, in the case of a person who enters active duty in a branch of the Armed Forces after September 7, 1980, the eligibility and entitlement (hereinafter, eligibility is used to refer to both eligibility and entitlement) requirements based on duration of active duty for title 38 benefits and benefits under laws other than title 38 that are administered by the VA would be exclusively as prescribed in title 38. Currently, the only provision in a law other than title 38 that prescribes a duration-of-active-duty requirement for purposes of title 38 and VA benefits eligibility is present section 977 of title 10, which was added by section 1002 of Public Law 96-342, the Department of Defense Authorization Act, 1981. Present section 977 generally requires the denial of eligibility for benefits "under any Federal program by reason of . . . active duty" where the individual originally enlists on or after September 8, 1980 (the date of the enactment of Public Law 96-342) and "fails to complete at least twenty-four months of his or her enlistment". Thus—insofar as benefits (a term defined in subsection (d) of this proposed new section) under title 38 (mainly benefits administered by the VA, but also benefits administered by other agencies, such as chapter 43, which is administered by the Department of Labor) and benefits administered by the VA under laws other than title 38 (such as the VA health-care provision in section 2 of Public Law 95-126) are concerned—proposed new section 3103A would displace section 977 and preclude its application to such benefits.

Subsection (b) of new section 3103A: Would prescribe, with certain specified exceptions, a general two-year-minimum service requirement for purposes of title 38 and VA benefits for those who initially enter active duty after September 7, 1980, as follows (with the eligibility of survivors and dependents being dealt with in subsection (c) of this new section):

Paragraph (1) of subsection (b) of new section 3103A: Would provide that, with the exceptions described below, a person who for the first time enters active duty in one of the Armed Forces (terms defined in present section 101(10) (Armed Forces) and (21) (active duty)) of title 38 after September 7, 1980, shall not, as the result of such active duty, be provided any title 38 or VA benefits if he or she is discharged or released from active duty without completing (A) at least 24 months of active duty if the initial enlistment or other period of obligated service was for 24 months or more, or (B) his or her full initial period of obligated service if his or her initial enlistment or other initial period of obligated service was for less than 24 months. Thus, to the extent of title 38 and VA benefits, this paragraph would expand the minimum service requirement in current law to include officers (effective, as discussed in the analysis of paragraph (2), below, with respect to officers who enter active duty after October 1, 1981) in addition to enlisted personnel and would remove an apparent current-law prohibition on the provision of benefits to those who complete an initial period of active duty the duration of which was originally scheduled to be for less than 24 months.

Paragraph (2) of subsection (b) of new section 3103A: Would provide exceptions to the general denial of benefits required under paragraph (1) of this subsection with respect to title 38 and VA benefits, as follows. First, a new exception would be provided for those who are discharged under section 1171 of title 10, providing for discharges up to 3 months prior to the expiration of an enlistment and specifying that discharges thereunder do "not affect any right, privilege, or benefit, or benefits" (other than pay and allowances) that the individual would receive for completing the enlistment.

Second, the exception in present section 977 for those who receive discharges under section 1173 of title 10, relating to hardship discharges for enlisted personnel who have dependents, would be incorporated.

Third, an exception for those who are discharged as the result of a service-connected disability—similar in effect to the exception in present section 977 for those discharged under chapter 61 of title 10, which provides for discharges because of physical disability—would be provided. In this connection, the Committee notes that, under the Committee bill, the exception would be provided only if the disability for which the veteran was discharged was the result of an injury or disease incurred or aggravated in line of duty. Under current VA regulations (38 C.F.R. section 3.1(m)), the service department's (e.g., Department of the Army's) finding that the injury or disease "occurred in line of duty will be binding on the [VA] . . . unless it is patently inconsistent with the requirements of laws administered by the [VA] . . . ."

Fourth, an exception would be provided for those who have a disability that the VA has determined to be compensable under chapter 11 of title 38, relating to compensation for service-connected disabilities. The scope of this exception differs in two significant respects from the exception provided in present section 977 for those with disabilities that result from an injury or disease incurred in or aggravated during the period of active duty and are not the result of intentional misconduct and not incurred during a period of unauthorized absence. First, under present section 977, an exception is provided for all those who have a service-connected disability, despite the fact that the disability is so minor as not to result in the payment of compensation. The proposed new limitation on this exception would, with respect to title 38 and VA benefits, apply retroactively to deny eligibility to those benefits in the cases of those whose eligibility is based on the existence of a noncompensable disability. However, under subsection (d) of this section of the Committee bill (discussed below), those who would lose eligibility as a result of this provision would not be obligated to repay the VA for any benefits they receive prior to October 1, 1981. Second, the exception in present section 977 would not be available if the injury or illness is incurred "during a period of unauthorized absence", regardless of how brief or inconsequential the absence is. The Committee bill provision, in making the exception available for those with compensable disabilities, would make the exception available based on existing criteria for service connection in sections 101(16) and 105 of title 38; that is, the exception would, if otherwise available, be made inapplicable by virtue of an unauthorized absence only if the individual was avoiding duty by deserting or by taking an unauthorized absence that materially interfered with the performance of military duties.

Fifth, the denial of benefits provisions would not apply to commissioned or warrant officers who enter active duty prior to October 1, 1981. Thus, the expansion of the scope of the two-year minimum service requirement to include officers with respect to title 38 and VA benefits would be made completely prospectively—as was the minimum service requirement originally made applicable with respect to enlisted personnel completely prospectively.

Sixth, an exception would be provided with respect to the furnishing of any benefit for or on account of any service-connected disability or condition. Thus, although those with noncompensable service-connected disabilities would not, as discussed above, retain general eligibility for title 38 and VA benefits, they would keep their entitlement to health care for their service-connected disabilities under, for example, section 2 of Public Law 95-126, relating to service-connected care for those with discharges that do not qualify them for general eligibility, and section 612(b)(2) of title 38, relating to limited outpatient dental care benefits for service connected but noncompensable dental conditions or disabilities. In addition, by preserving eligibility for benefits provided on account of a service-connected disability, this exception would protect the veteran's existing eligibility for certain supplementary benefits, such as eligibility under section 612(b)(4) to dental care for a condition or disability that is aggravating an associated service-connected disability.

Seventh, with respect to the Servicemen's Group Life Insurance (SGLI) program under subchapter III of chapter 19 of title 38, exceptions would be provided for the continuation of the veterans' insurance coverage, under section 768(a)(1)(A), during the 120-day "grace" period (or the up to one-year "grace" period if the veteran is totally disabled at the time of discharge) following the date of discharge and for the veteran's right, during that grace period, to designate or change the designation of beneficiaries pursuant to section 770(a).

Eighth, this paragraph of the new section would also clarify, in connection with subsection (b) of this section of the Committee bill, that this new section would not have any effect on benefits provided under applicable law prior to October 1, 1981.

Subsection (c) of new section 3103A: Would provide that, with the exceptions discussed below, the survivors and dependents of veterans who would generally be denied benefits under subsection (b) of this new section would also be ineligible for title 38 and VA benefits. In this connection, the Committee notes that the VA has determined that present section 977 "does not prohibit the payments of death benefits to the survivors of a veteran who served less than 24 months" (Federal Register, vol. 46, page 9575, January 27, 1981), but generally does prohibit the payment of SGLI proceeds to the beneficiaries (March 20, 1981, Memorandum from the General Counsel to the Chief Benefits Director). This subsection would provide exceptions for various benefits payable as the result of the death of a veteran who has died from a service-connected disability, that is, dependency and indemnity compensation under chapter 13 of title 38, health-care benefits under chapter 17, educational assistance under chapter 35, home loan benefits under chapter 37, and burial, funeral, and related transportation benefits under sections 907 and 908. In this connection, the Committee notes that generally these service-connected benefits would not otherwise be denied because the denial of benefits would not apply to the survivors of those veterans, including all those with compensable disabilities, who were themselves generally eligible for title 38 and VA benefits. Nevertheless, out of an abundance of caution, these specific survivors' benefits are expressly included as exceptions.

Finally, this subsection would clarify, in conjunction with the SGLI coverage exception discussed in the foregoing analysis of subsection (b) of this new section, that the payment of SGLI proceeds during the postdischarge grace period would not be prohibited.

Subsection (c) of new section 3103A: Would define the term "benefit" for purposes of this section so as to include any right or privilege and to clarify that the term does not include the refund of the contributions that the veteran had made during active duty under the Post-Vietnam Era Veterans' Educational Assistance Program and had not used (or to the payment of such unused contributions to a deceased veteran's survivors). The Committee also notes that, although it intends the term benefits to be broadly construed so as to include all title 38 and VA benefits and services of value that are provided to veterans, survivors, and dependents, it is not the Committee's intention that this new subsection be construed as having any effect at all on any procedural rights, privileges or opportunities that are afforded in connection with any benefit—such as counseling services through which individuals are advised as to what benefits they may be eligible for and are assisted in making application, and rights in connection with the adjudication of claims for benefits.

Subsection (b) would provide that no provisions of new section 3103A of title 38 (as added by subsection (a)) shall be construed as requiring any person to make any repayment for any benefit provided to him or her prior to October 1, 1981, or as authorizing any Federal official or employee to request any such repayment.

TITLE VI—EFFECTIVE DATES

Section 601

Would provide for effective dates for the provisions of the Committee bill.

Subsection (a) of section 601 would provide that the provisions of the Committee bill would be effective on the date of enactment except as provided in subsections (b) and (c) of this section.

Subsection (b) of section 601 would provide that the effective date of titles I and II and sections 301, 401, 402, and 403 would be October 1, 1981.

Subsection (c) of section 601 would provide that the effective date of sections 502 and 503 would be October 1, 1981, and that the amendments made by those sections would apply to veterans dying before, on, or after that date.

TABULATION OF VOTES CAST IN COMMITTEE

In compliance with paragraph 7 of rule XXVI of the Standing Rules of the Senate, the following is a tabulation of votes cast in person or proxy by Members of the Committee on Veterans' Affairs at a June 25, 1981, meeting to consider S. 917.

The Committee agreed to report S. 917, with an amendment in the nature of a substitute, favorably to the Senate by a 12–0 vote, as follows:

YEAS—12	NAYS—0
Alan Simpson	
Strom Thurmond	
Robert Stafford	
Bob Kasten	
Jeremiah Denton	
Frank Murkowski	
Arlen Specter	
Alan Cranston	
Jennings Randolph	
Spark Matsunaga	
Dennis DeConcini	
George Mitchell	

AGENCY REPORTS

The Veterans' Administration submitted letters dated March 17, 1981, transmitting Administration-requested measures that were subsequently introduced as S. 719, on April 8, 1981. On June 12, 1981, the Office of Management and Budget submitted a report on S. 719. Those reports follow:

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VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., March 17, 1981.

Hon. GEORGE H. BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Transmitted herewith is a draft bill, "To amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; and for other purposes." It is respectfully requested that it be introduced and considered for enactment.

The measure, to be cited as the "Veterans' Disability Compensation and Survivors' Benefits Amendments of 1981," would accomplish the following:

(a) increase the basic rates of monthly compensation payable to veterans for service-connected disabilities, as well as the additional amounts authorized for veterans with dependents;

(b) increase the monthly rates of dependency and indemnity compensation (DIC) payable to surviving spouses and children of veterans whose deaths were service-connected, and also increase the rate of compensation payable to certain surviving spouses and the surviving children of certain veterans who died of non-service-connected causes but were rated as totally disabled due to service-connected causes at death;

(c) increase the annual clothing allowance to certain veterans wearing or using prosthetic or orthopedic appliances;

(d) reduce costs by elimination of certain duplications of DIC payments; and

(e) reduce administrative costs associated with recomputations and collection of overpayments necessary when a child is retroactively added to a class of dependents entitled to DIC.

COST-OF-LIVING INCREASES IN COMPENSATION, DIC RATES

The basic purpose of the disability compensation program (chapter 11, title 38, United States Code), throughout its history, has been to provide relief for the impaired earning capacity of veterans disabled as the result of their military service. The amount payable varies according to the degree of disability which, in turn, is required by the law (38 U.S.C. § 355) to represent, to the extent practicable, the average impairment in earning capacity resulting from such disability or combination of disabilities in civil occupations. Additional compensation for dependents is payable to any veteran entitled to basic compensation for disability rated at not less than 30 percent.

Under chapter 13 of title 38, DIC payments are made to surviving spouses and certain parents and children of veterans who die of a service-connected cause. This chapter also authorizes compensation to certain surviving spouses and the surviving children of certain veterans who died of non-service-connected causes but were rated totally disabled as a result of service-connected disabilities. For surviving spouses, the monthly rates are geared to the military pay grade of the deceased veteran, ranging from $373 for the surviving spouse of an E–1 to $954 for the surviving spouse of an O–10. The applicable surviving spouse's rate is increased by $43 for each child of the veteran under age 18. An additional amount of $112 is payable where the surviving spouse is (1) a patient in a nursing home, or (2) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person. If the surviving spouse does not qualify for the $112 "aid and attendance" rate but is permanently housebound, the additional amount is $56 per month.

For children, where no surviving spouse is entitled, the monthly rates range from $189 for one child to $350 for three children (plus $71 for each additional child). In the case of certain children specified under 38 U.S.C. § 414(a), who are permanently incapable of self-support, the applicable basic rate is increased by $112 for each child. Under 38 U.S.C. §§ 414 (b) and (c), in cases wherein a surviving spouse is receiving benefits, monthly amounts of $189 and $96, respectively, are paid separately to certain children of the veteran who are (1) permanently incapable of self-support, or (2) attending school while between 18 and 23 years of age.

Title I of the draft bill relates to compensation payable to veterans for service-connected disabilities. Section 101 provides increases in the basic compensation rates of 11.2 percent. The additional amounts for dependents provided by 38 U.S.C. § 315 in cases of veterans with service-connected disabilities of at least 30 percent could also be increased by approximately 11.2 percent by section 102 of the measure. Section 103 would increase the amount of the annual clothing allowance provided by 38 U.S.C. § 362 from $274 to $305, for a percentage increase of approximately 11.2 percent.

Title II of the draft bill is concerned with rates of dependency and indemnity compensation (DIC) payable to the survivors of deceased veterans. Section 201 provides increases of 11.2 percent in monthly benefits payable to surviving spouses. The new basic rates would range from $415 to $1,061 according to the pay grade of the deceased veteran. The additional amount for each child under age 18 would be raised from $43 to $48; the special rate for aid and attendance for a qualified surviving spouse would go from $112 to $125; and the special rate for housebound status would go from $56 to $62. Sections 202 and 203 would also increase children's DIC rates by approximately 11.2 percent.

The needs of the disabled have been regularly recognized in the face of changing economic conditions. Since July 1952, there have been 16 compensation rate increases, with the latest having become effective on October 1, 1980. Rates payable to the surviving spouses and children of veterans have been similarly increased in recent years.

It has been the policy of the Government to recommend Veterans' Administration benefit increases for the disability compensation and DIC programs periodically in order to insure that our programs remain responsive to changing economic conditions. The Veterans' Administration supports increases designed to offset the decline in purchasing power due to inflation as reflected by changes in the Consumer Price Index (CPI). The 11.2 percent increase proposal contained in this draft bill is consistent with the Administration's current estimate of the cost-of-living increase to be provided for Social Security benefits effective June 1, 1981.

The estimated 5-year costs of the increased rates contained in title I and sections 201 through 203 of title II, which are included in the President's revised budget for fiscal year 1982, are as follows:

Fiscal year:	*Cost (in millions)*
1982	$946.0
1983	951.6
1984	957.8
1985	962.7
1986	967.8

OTHER DIC AMENDMENTS

Title II also contains proposals which would eliminate certain anomalies and administrative burdens which have developed with regard to the DIC program.

Section 204 of the draft bill is designed to alleviate administrative burdens which can result when one or more children of a veteran are receiving DIC and an additional child is added to that group of beneficiaries. Where there is no surviving spouse eligible to receive DIC, those benefits are payable to a veteran's children. The amount of DIC payable depends on the number of children, although, to an extent, the amounts per child decrease for each additional one (for example, the rate of DIC for one child under current law is $189, for two children $271, etc.). It happens on occasion that eligibility for an additional child is established after a veteran's other children have already been awarded such benefits. The entitlement of the additional child is often effective retroactively. A complication arises in that, while the total amount payable for the retroactive period is increased by reason of the additional child, the individual shares become less.

In such situations, an overpayment for the retroactive period results which must be remedied either by collection or withholding from some of the children to pay the others. Because the amounts in these adjustments are usually small, the considerable administrative work generated serves little purpose.

Section 204 would amend the law to pay in such cases the difference between the newly established entitlement and the amount already paid, without disturbing the previously paid amounts. This would not affect the total paid to the whole group, although the child or children added by the new award would receive a somewhat lesser amount for the past period for which the other children have already been paid. This proposal would eliminate the administrative detail required in establishing and liquidating pertinent overpayments of DIC. There would be no additional cost as a result of its enactment.

Section 205 of the draft bill would eliminate certain duplications of DIC payments which can occur under present law. Additional payments are payable to a surviving spouse for each child below age 18, and these payments are discontinued upon the child's 18th birthday. Under subsection 414(c) of title 38, DIC also becomes payable to the children in such families once they attain age 18 if they are attending school, and can continue until they reach age 23 while they continue to attend. This entitlement becomes effective the first day of the month of their 18th birthdays. Hence, for the period from the first of that month until the birthday of the child, a dual award is being paid. Section 205 would eliminate this duplicate payment by reducing the child's award for the month of his or her birthday by the amount of the surviving spouse's additional award for the same month attributable to the child.

It is estimated that the yearly savings to be effected by section 205 would be approximately $50,000.

The proposed effective date for this bill is October 1, 1981.

Advice has been received from the Office of Management and Budget that enactment of this legislative proposal would be in accord with the program of the President.

Sincerely,

RUFUS H. WILSON,
Acting Administrator.

A BILL to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "Veterans' Disability Compensation and Survivors" Benefits Amendments of 1981". (b) Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—VETERANS' DISABILITY COMPENSATION BENEFITS

RATES OF DISABILITY COMPENSATION

SEC. 101. (a) Section 314 is amended—

(1) by striking out "$54" in subsection (a) and inserting in lieu thereof "$60";

(2) by striking out "$99" in subsection (b) and inserting in lieu thereof "$110";

(3) by striking out "$150" in subsection (c) and inserting in lieu thereof "167";

(4) by striking out "$206" in subsection (d) and inserting in lieu thereof "$229";

(5) by striking out "$291" in subsection (e) and inserting in lieu thereof "$324";

(6) by striking out "$367" in subsection (f) and inserting in lieu thereof "$408";

(7) by striking out "$434" in subsection (g) and inserting in lieu thereof "$483";

(8) by striking out "$503" in subsection (h) and inserting in lieu thereof "$559";

(9) by striking out "$566" in subsection (i) and inserting in lieu thereof "$629";

(10) by striking out "$1,016" in subsection (j) and inserting in lieu thereof "$1,130";

(11) by striking out "$1,262" and "$1,768" in subsection (k) and inserting in lieu thereof "$1,403" and "$1,966", respectively;

(12) by striking out "$1,262" in subsection (l) and inserting in lieu thereof "$1,403";

(13) by striking out "$1,391" in subsection (m) and inserting in lieu thereof "$1,547";

(14) by striking out "$1,581" in subsection (n) and inserting in lieu thereof "$1,758";

(15) by striking out "$1,768" each place it appears in subsections (o) and (p) and inserting in lieu therof "$1,966";

(16) by striking out "$759" and "$1,130" in subsection (r) and inserting in lieu thereof "$844" and "$1,257", respectively;

(17) by striking out "$1,137" in subsection (s) and inserting in lieu thereof "$1,264"; and

(18) by striking out "$219" in subsection (t) and inserting in lieu thereof "$244".

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85–857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

RATES OF ADDITIONAL COMPENSATION FOR DEPENDENTS

SEC. 102. Section 315(1) is amended—

(1) by striking out "$62" in clause (A) and inserting in lieu thereof "$69";

(2) by striking out "$104" in clause (B) and inserting in lieu thereof "$116";

(3) by striking out "$138" in clause (C) and inserting in lieu thereof "$153";

(4) by striking out "$173" and "$34" in clause (D) and inserting in lieu thereof "$192" and "$38", respectively;

(5) by striking out "$42" in clause (E) and inserting in lieu thereof "$47";

(6) by striking out "$77" in clause (F) and inserting in lieu thereof "$86";

(7) by striking out "$111" and "$34" in clause (G) and inserting in lieu thereof "$123" and "$38", respectively;

(8) by striking out "$50" in clause (H) and inserting in lieu thereof "$56";

(9) by striking out "$112" in clause (I) and inserting in lieu thereof "$125"; and

(10) by striking out "$94" in clause (J) and inserting in lieu thereof "$105".

CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS

SEC. 103. Section 362 is amended by striking out "$274" and inserting in lieu thereof "305".

TITLE II—SURVIVORS' DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS

RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES

SEC. 201. (a) Subsection (a) of section 411 is amended to read as follows:

"(a) Dependency and indemnity compensation shall be paid to a surviving spouse, based on the pay grade of the person upon whose death entitlement is predicated, at monthly rates set forth in the following table:

"Pay grade:	*Monthly rate*	Pay grade:	*Monthly rate*
E-1	$415	W-4	$595
E-2	428	O-1	525
E-3	438	O-2	542
E-4	466	O-3	580
E-5	479	O-4	612
E-6	490	O-5	676
E-7	514	O-6	761
E-8	542	O-7	824
E-9	[1] 567	O-8	908
W-1	525	O-9	970
W-2	546	O-10	[2] 1,061
W-3	562		

[1] "If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $610.

[2] "If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,138."

(b) Subsection (b) of such section is amended by striking out "$43" and in lieu thereof "$48".

(c) Subsection (c) of such section is amended by striking out "$112" and inserting in lieu thereof "$125".

(d) Subsection (d) of such section is amended by striking out "$56" and inserting in lieu thereof "$62".

RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

SEC. 202. Section 413 is amended—

(1) by striking out "$189" in clause (1) and inserting in lieu thereof "$210";

(2) by striking out "$271" in clause (2) and inserting in lieu thereof "$301";

(3) by striking out "$350" in clause (3) and inserting in lieu thereof "$389"; and

(4) by striking out "$350" and "$71" in clause (4) and inserting in lieu thereof "$389" and "$79", respectively.

RATES OF SUPPLEMETAL DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

SEC. 203. Section 414 is amended—

(1) by striking out "$112" in subsection (a) and inserting in lieu thereof "$125";

(2) by striking out "$189" in subsection (b) and inserting in lieu thereof "$210"; and

(3) by striking out "$96" in subsection (c) and inserting in lieu thereof "$107".

MISCELLANEOUS DEPENDENCY AND INDEMNITY COMPENSATION AMENDMENTS

SEC. 204. Section 413 is further amended by inserting "(a)" immediately before "Whenever", and by adding at the end thereof the following new subsection (b):

"(b) If dependency and indemnity compensation has been awarded to a veteran's child or children under this section, and the entitlement of an additional child is later established effective retroactively, the retroactive award payable to the additional child shall equal the difference between the total of the increased award for the retroactive period and the prior total award for that period."

SEC. 205. Section 414(c) is further amended by adding the following at the end thereof:

"However, if during the month in which such child reaches age 18 he or she is also being considered a child below age 18 for purposes of additional dependency and indemnity compensation for a surviving spouse under subsection 411(b) of this chapter, the amount of the child's award for that month will be reduced by an amount equal to the surviving spouse's additional award, for the same month, attributable to the child."

TITLE III—EFFECTIVE DATE

SEC. 301. The amendments made by this Act shall apply only to payments for months beginning after September 30, 1981.

COST OF 12.3 COMPENSATION RATE INCREASE

[Dollar amounts in millions]

Fiscal year	COL (percent)	Veterans		Allowance for dependents		DIC		Clothing allowance		Total Cost	Total Outlays
		Cases	Cost	Cases	Cost	Cases	Cost	Cases	Cost		
1982	12.3	2,281,087	$799.7	715,000	$53.0	270,800	$183.8	67,400	$2.3	$1,038.8	$952.3
1983		2,286,256	801.6	723,000	53.5	276,300	187.5	68,400	2.3	1,044.9	1,044.4
1984		2,293,005	803.9	730,000	54.1	281,900	191.3	69,300	2.4	1,051.7	1,051.1
1985		2,297,455	805.5	735,000	54.4	287,000	194.8	70,100	2.4	1,057.1	1,056.6
1986		2,302,604	807.3	740,000	54.8	292,000	198.2	71,000	2.4	1,062.7	1,062.3

Note: No increase to K.

COMPENSATION RATE INCREASES BY COST OF LIVING INCREASES, NEW RATES AND AVERAGE INCREASE

			Projected cost of living increases				
Category	Current cases	Current rates	Year 1 1.1230 porposed rates	Year 2 1.0000 proposed rates	Year 3 1.0000 proposed rates	Year 4 1.0000 proposed rates	Year 5 1.0000 proposed rates
10 percent disability	878,526	54	61	61	61	61	61
20 percent disability	354,569	99	111	111	111	111	111
30 percent disability	314,867	150	168	168	168	168	168
40 percent disability	184,863	206	231	231	231	231	231
50 percent disability	114,560	291	327	327	327	327	327
60 percent disability	81,258	367	412	412	412	412	412
70 percent disability	39,670	434	487	487	487	487	487
80 percent disability	19,905	503	565	565	565	565	565
90 percent disability	6,148	566	636	636	636	636	636
100 percent disability	96,194	1,016	1,141	1,141	1,141	1,141	1,141
K rate	90,171	62	62	62	62	62	62
L rate	9,224	1,262	1,417	1,417	1,417	1,417	1,417
M rate	5,225	1,391	1,562	1,652	1,563	1,562	1,562
N rate	1,675	1,581	1,775	1,775	1,775	1,775	1,775
O rate	212	1,768	1,985	1,985	1,985	1,985	1,985
P rate	1,863	1,768	1,985	1,985	1,985	1,985	1,985
Q rate	29,247	67	67	67	67	67	67
R rate	8,760	2,527	2,838	2,838	2,838	2,838	2,838
S rate	6,878	1,137	1,277	1,277	1,277	1,277	1,277
60 to 90 percent (100) percent	121,058	1,016	1,141	1,141	1,141	1,141	1,141
Total	2,265,300						
Annual average cases (estimated)			$2,281,007	$2,286,256	$2,293,005	$2,297,455	$2,302,604
Annual average additional cost per case			$350.60	$350.60	$350.60	$350.60	$350.60
Additional annual cost			799,721,054	801,561,353	803,927,553	805,487,723	807,292,962

Note: The increase for veterans compensation does not include K rate or Q rate. All rates are rounded to the nearest dollar.

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WIDOW, CHILDREN RATE INCREASES BY COST OF LIVING INCREASES, NEW RATES AND AVERAGE INCREASE

Category	Current cases	Current rates	Projected cost of living increases				
			Year 1, 1. 1230 proposed rates	Year 2, 1. 0000 proposed rates	Year 3, 1. 0000 proposed rates	Year 4, 1. 0000 proposed rates	Year 5, 1. 0000 proposed rates
E-1	39, 027	373	419	419	419	419	419
E-2	27, 271	385	432	432	432	432	432
E-3	23, 928	394	442	442	442	442	442
E-4	22, 922	419	471	471	471	471	471
E-5	23, 629	431	484	484	484	484	484
E-6	22, 471	441	495	495	495	495	495
E-7	23, 204	462	519	519	519	519	519
E-8	3, 899	487	547	547	547	547	547
E-9	1, 755	510	573	573	573	573	573
W-1	1, 165	472	530	530	530	530	530
W-2	1, 841	491	551	551	551	551	551
W-3	831	505	567	567	567	567	567
W-4	897	535	601	601	601	601	601
A C	153	394	442	442	442	442	442
O-1	3, 662	472	530	530	530	530	530
O-2	6, 602	487	547	547	547	547	547
O-3	10, 013	522	586	586	586	586	586
O-4	8, 651	551	619	619	619	619	619
O-5	7, 677	608	683	683	683	683	683
O-6	5, 941	684	768	768	768	768	768
O-7	420	741	832	832	832	832	832
O-8	418	812	912	912	912	912	912
O-9	92	872	979	979	979	979	979
O-10	24	954	1, 071	1, 071	1, 071	1, 071	1, 071
Widows A and A	6, 584	112	126	126	126	126	126
Widow with children	53, 973	43	48	48	48	48	48
18-23 yr child	1, 435	96	108	108	108	108	108
Helpless child	2, 633	189	212	212	212	222	212
18-23 yr child	809	96	108	108	108	108	108
Helpless child	2, 211	189	212	212	212	212	212
1 child	14, 318	189	212	212	212	212	212
2 children	5, 335	271	304	304	304	304	304
3 children	1, 492	350	393	393	393	393	393
4 Children	363	71	473	473	473	473	473
5 children	79	71	553	553	553	553	553
6 children	24	71	633	633	633	633	633
7 children	7	71	713	713	713	713	713
8 children	1	71	793	793	793	793	793
9 children		71	873	873	873	873	873
Total	246, 600						
Annual average cases (estimated)			$270, 800	$276, 300	$281, 900	$287, 000	$292, 000
Annual average additional cost per case			678. 71	678. 71	678. 71	678. 71	678. 71
Additional annual cost			183, 794. 668	187, 527, 573	191, 328, 349	194, 789, 770	198, 183, 320

Note: All rates are rounded to the nearest dollar.

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ADDITIONAL COMPENSATION FOR DEPENDENTS BY COST OF LIVING INCREASE, NEW RATES AND PROJECTED COST

Category (100 percent)	Current cases	Current rates	Projected cost of living increases: Year 1, 1.1230 proposed rates	Year 2, 1.0000 proposed rates	Year 3, 1.0000 proposed rates	Year 4, 1.0000 proposed rates	Year 5, 1.0000 proposed rates
Veteran/wife	39,458	62	70	70	70	70	70
Veteran/wife and 1 child	11,551	104	117	117	117	117	117
Veteran/wife and 2 children	8,662	138	155	155	155	155	155
Veteran/wife and 3 children	4,176	173	194	194	194	194	194
Veteran/wife and 4 children	1,689	207	232	232	232	232	232
Veteran/wife and 5 children	635	241	270	270	270	270	270
Veteran/wife and 6 children	265	275	308	308	308	308	308
Veteran/wife and 7 children	108	309	346	346	346	346	346
Veteran/wife and 8 children	50	343	384	384	384	384	384
Veteran/wife and 9 children	27	377	422	422	422	422	422
Veteran and 1 child	2,671	42	47	47	47	47	47
Veteran and 2 children	1,306	77	86	86	86	86	86
Veteran and 3 children	431	111	125	125	125	125	125
Veteran and 4 children	171	145	163	163	163	163	163
Veteran and 5 children	54	179	201	201	201	201	201
Veteran and 6 children	15	213	239	239	239	239	239
Veteran and 7 children	3	247	277	277	277	277	277
Veteran and 8 children	2	281	315	315	315	315	315
Veteran and 9 children	3	315	353	353	353	353	353
Veteran and 1 parent	4,981	50	56	56	56	56	56
Veteran and 2 parents	822	100	112	112	112	112	112
Total	77,080						

Note: Wives—66,621, children—62,007, parents—6,625.

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Executive Office of the President,
Office of Management and Budget,
Washington, D.C., June 12, 1981.

Hon. Alan K. Simpson,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This is in response to your request of May 4, 1981, for the views of this Office on S. 917, a bill "To amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; and for other purposes."

This bill is an Administration proposal submitted to the Congress by the Veterans' Administration, and is reflected in the President's revised fiscal year 1982 budget. It would provide a cost-of-living increase in the rates of compensation paid to service-connected disabled veterans and dependency and indemnity compensation paid to their survivors.

We recommend enactment of S. 917, which is in accord with the program of the President.

Sincerely,

James M. Frey,
Assistant Director for
Legislative Reference.

CHANGES IN EXISTING LAW MADE BY S. 917 AS REPORTED

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 38—UNITED STATES CODE

* * * * * * *

PART II—GENERAL BENEFITS

* * * * * * *

CHAPTER 11—COMPENSATION FOR SERVICE-CONNECTED DISABILITY OR DEATH

* * * * * * *

Subchapter II—Wartime Disability Compensation

* * * * * * *

§ 314. Rates of wartime disability compensation

For the purposes of section 310 of this title—

(a) if and while the disability is rated 10 per centum the monthly compensation shall be [$54] *$60*;

(b) if and while the disability is rated 20 per centum the monthly compensation shall be [$99] *$110*;

(c) if and while the disability is rated 30 per centum the monthly compensation shall be [$150] *$167*;

(d) if and while the disability is rated 40 per centum the monthly compensation shall be [$206] *$229*;

(e) if and while the disability is rated 50 per centum the monthly compensation shall be [$291] *$324*;

(f) if and while the disability is rated 60 per centum the monthly compensation shall be [$367] *$408*;

(g) if and while the disability is rated 70 per centum the monthly compensation shall be [$434] *$483*;

(h) if and while the disability is rated 80 per centum the monthly compensation shall be [$503] *$559*;

(i) if and while the disability is rated 90 per centum the monthly compensation shall be [$566] *$629*;

(j) if and while the disability is rated as total the monthly compensation shall be [$1,016] *$1,130*;

(k) if the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use of one or more creative organs, or one foot, or one hand, or both buttocks, or blindness of one eye, having only light perception, or has suffered complete organic aphonia with constant inability to communicate by speech. or deafness or both ears, having absence of air and bone conduction, the rate of compensation therefor shall be $62 per month for each such loss or loss of use independent of any other compensation provided in subsections (a) through (j) or subsection (s) of this section but in no event to exceed [$1,262] *$1,403* per month; and in the event the veteran has suffered one or more of the disabilities heretofore specfied in this subsection, in addition to the requirement for any of the rates specified in subsections (l) through (n) of this section, the rate of compensation shall be increased by $62 per month for each such loss or loss of use, but in no event to exceed [$1,768] *$1,966* per month;

(l) if the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use of [both hands, or] both feet, or of one hand and one foot, or is blind in both eyes, with 5/200 visual acuity or less, or is permanently bedridden or so helpless as to be in need of regular aid and attendance, the monthly compensation shall be [$1,262] *$1,403*;

(m) if the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use *of both hands, or has suffered the anatomical loss or loss of use* of two extremities at a level, or with complications, preventing natural elbow or knee action with prosthesis in place, or has suffered blindness in both eyes, having only light perception, or has suffered blindness in both eyes, rendering such veteran so helpless as to be in need of regular aid and attendance, the monthly compensation shall be [$1,391] *$1,547*;

(n) if the veteran, as the result of service-connected disability, has suffered the anatomical loss *or loss of use of both arms at a level, or with complications, preventing natural elbow action with prosthesis in place, or has suffered the anatomical loss* of two extremities so near the shoulder or hip as to prevent the use of a prosthetic appliance, or has suffered the anatomical loss of both eyes, the monthly compensation shall be [$1,581] *$1,758*;

(o) if the veteran, as the result of service-connected disability, has suffered disability under conditions which would entitle such veteran to two or more of the rates provided in one or more subsections (l) through (n) of this section, no condition being considered twice in the determination, or if the veteran has suffered bilateral deafness (and the hearing impairment in either one or both ears is service connected) rated at 60 per centum or more disabling and the veteran has also suffered service-connected total blindness with 5/200 visual acuity or less, *or if the veteran has suffered the anatomical loss of both arms so near the shoulder as to prevent the use of prosthetic appliance,* the monthly compensation shall be [$1,768] *$1,966*;

(p) in the event the veteran's service-connected disabilities exceed the requirements for any of the rates prescribed in this section, the Administrator may allow the next higher rate or an intermediate rate, but in no event in excess of [$1,768] *$1,966*. In the event the veteran has suffered service-connected blindness, with 5/200 visual acuity or less and (1) has also suffered bilateral deafness (and the hearing impairment in either one or both ears is service connected) rated at no less than 40 per centum disabling, the Administrator shall allow the next higher rate, or (2) has also suffered service-connected total deafness in one ear, the Administrator shall allow the next intermediate rate, but in no event in excess of [$1,768] *$1,966*. In the event the veteran has suffered the anatomical loss or loss of use, or a combination of anatomical loss and loss of use, of three extremities, the Administrator shall allow the next higher rate or intermediate rate, but in no event in excess of [$1,768] *$1,966*. Any intermediate rate under this subsection shall be established at the arithmetic mean, rounded to the nearest dollar, between the two rates concerned;

[(q)]

(r) Subject to section 3203(e) of this title, if any veteran, otherwise entitled to compensation authorized under subsection (o) of this section, at the maximum rate authorized under subsection (p) of this section, or at the intermediate rate authorized between the rates authorized under subsections (n) and (o) of this section and at the rate authorized under subsection (k) of this section, is in need of regular aid and attendance, then, in addition to such compensation—

(1) the veteran shall be paid a monthly aid and attendance allowance at the rate of [$759] *$844*; or

(2) if the veteran, in addition to such need for regular aid and attendance, is in need of a higher level of care, such veteran shall be paid a monthly aid and attendance allowance at the rate of [$1,130] *$1,257*, in lieu of the allowance authorized in clause (1) of this subsection, if the Administrator finds that the veteran, in the absence of the provision of such care, would require hospitalization, nursing home care, or other residential institutional care.

For the purposes of clause (2) of this subsection, need for a higher level of care shall be considered to be need for personal health-care services provided on a daily basis in the veteran's home by a person who is licensed to provide such services or who provides such services under the regular supervision of a licensed health-care professional. The existence of the need for such care shall be determined by a physician employed by the Veteran's Administration or, in areas where no such physician is available, by a physician carrying out such function under contract or fee arrangement based on an examination by such physician.

For the purposes of section 334 of this title, such allowance shall be considered as additional compensation payable for disability;

(s) If the veteran has a service-connected disability rated as total, and (1) has additional service-connected disability or disabilities independently ratable at 60 per centum or more, or, (2) by reason of such veteran's service-connected disability or disabilities, is permanently housebound, then the monthly compensation shall be [$1,137] *$1,264*. For the purposes of this subsection, the requirement of "permanently housebound" will be considered to have been met when the veteran is substantially confined to such veteran's house (ward or clinical areas, if institutionalized) or immediate premises due to a service-connected disability or disabilities which it is reasonably certain will reamin throughout such veteran's lifetime.

(t)(1) If the veteran (A) is entitled to receive compensation at any rate provided for under subsections (a) through (i) of this section and compensation under subsection (k) of this section, (B) has suffered the loss or loss of use of an extremity as a result of a service-connected disability ratable at 40 per centum or more, and (C) has suffered the loss or loss of use of the paired extremity as a result of a non-service-connected disability, not the result of the veteran's own willful misconduct, that would be rated, if service-connected, at 40 per centum or more, the monthly rate of compensation payable to such veteran shall be increased by **[**$219**]** *$244*.

(2) If a veteran described in paragraph (1) of this subsection receive any money or property of value pursuant to an award in a judicial proceeding based upon, or a settlement or compromise of, any cause of action for damages for the non-service-connected disability described in such paragraph, the increase in the rate of compensation otherwise payable under this subsection shall not be paid for any month following a month in which any such money or property is received until such time as the total of the amount of such increase that would otherwise have been payable equals the total of the amount of any such money received and the fair market value of any such property received.

§ 315. Additional compensation for dependents

Any veteran entitled to compensation at the rates provided in section 314 of this title, and whose disability is rated not less than 30 per centum, shall be entitled to additional compensation for dependents in the following monthly amounts:

(1) If and while rated totally disabled and—

(A) has a spouse but no child living, **[**$62**]** *$69*;

(B) has a spouse and one child living, **[**$104**]** *$116*;

(C) has a spouse and two children living, **[**$138**]** *$153*;

(D) has a spouse and three or more children living, **[**$173**]** *$192* (plus **[**$34**]** *$38* for each living child in excess of three);

(E) has no spouse but one child living, **[**$42**]** *$47*;

(F) has no spouse but two children living, **[**$77**]** *$86*;

(G) has no spouse but three or more children living, **[**$111**]** *$123* (plus **[**$34**]** *$38* for each living child in excess of three);

(H) has a parent dependent upon such veteran for support, then, in addition to the above amounts, **[**$50**]** *$56* for each parent so dependent;

(I) notwithstanding the other provisions of this paragraph, the monthly payable amount on account of a spouse who is (i) a patient in a nursing home or (ii) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person, shall be **[**$112**]** *$125* for a totally disabled veteran and proportionate amounts for partially disabled veterans in accordance with paragraph (2) of this section; and

(J) notwithstanding the other provisions of this paragraph, the monthly payable amount on account of each child who has attained the age of eighteen years and who is pursuing a course of instruction at an approved educational institution shall be **[**$94**]** *$105* for a totally disabled veteran and proportionate amounts for partially disabled veterans in accordance with paragraph (2) of this section.

(2) If and while rated partially disabled, but not less than 30 per centum, in an amount having the same ratio to the amount specified in paragraph (1) of this section as the degree of disability bears to total disability. The amounts payable under this paragraph shall be adjusted upward or downward to the nearest dollar, counting fifty cents and over as a whole dollar.

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Subchapter VI—General Compensation Provisions

* * * * * * *

§ 362. Clothing allowance

The Administrator under regulations which the Administrator shall prescribe, shall pay a clothing allowance of **[**$274**]** *$305* per year to each veteran who because of disability which is compensable under the provisions of this chapter, wears or uses a prosthetic or orthopedic appliance or appliances (including a wheelchair) which the Administrator determines tends to wear out or tear the clothing of such a veteran.

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CHAPTER 13—DEPENDENCY AND INDEMNITY COMPENSATION FOR SERVICE-CONNECTED DEATHS

* * * * * * *

Subchapter II—Dependency and Indemnity Compensation

* * * * * * *

§ 411. Dependency and indemnity compensation to a surviving spouse

(a) Dependency and indemnity compensation shall be paid to a surviving spouse, based on the pay grade of the person upon whose death entitlement is predicated, at monthly rates set forth in the following table:

[Pay grade	Monthly rate	Pay grade	Monthly rate]
E-1	$373	W-4	$535
E-2	385	O-1	472
E-3	394	O-2	487
E-4	419	O-3	522
E-5	431	O-4	551
E-6	441	O-5	608
E-7	462	O-6	684
E-8	487	O-7	741
E-9	[1] 510	O-8	812
W-1	472	O-9	872
W-2	491	O-10	[2] 954
W-3	505		]

Pay grade	*Monthly rate*	*Pay grade*	*Monthly rate*
E-1	*$415*	*W-4*	*$595*
E-2	*$428*	*O-1*	*$525*
E-3	*$438*	*O-2*	*$542*
E-4	*$466*	*O-3*	*$580*
E-5	*$479*	*O-4*	*$613*
E-6	*$490*	*O-5*	*$676*
E-7	*$514*	*O-6*	*$761*
E-8	*$542*	*O-7*	*$824*
E-9	[1] *$567*	*O-8*	*$903*
W-1	*$525*	*O-9*	*$970*
W-2	*$546*	*O-10*	[2] *$1,061*
W-3	*$562*		

[1] If the veteran served as sergeant major of the Army, senior enlisted adviser of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be [$549] *$610.*

[2] If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be [$1,023] *1,138.*

(b) If there is a surviving spouse with one or more children below the age of eighteen of a deceased veteran, the dependency and indemnity compensation paid monthly to the surviving spouse shall be increased by [$43] *$48* for each such child.

(c) The monthly rate of dependency and indemnity compensation payable to a surviving spouse shall be increased by [$112] *$125* if the spouse is (1) a patient in a nursing home or (2) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person.

(d) The monthly rate of dependency and indemnity compensation payable to a surviving spouse shall be increased by [$56] *$62* if the surviving spouse is, by reason of disability, permanently housebound but does not qualify for the aid and attendance allowance under subsection (c) of this section. For the purposes of this subsection, the requirement of "permanently housebound" will be considered to have been met when the surviving spouse is substantially confined to such surviving spouse's home (ward or clinical areas, if institutionalized) or immediate premises by reason of a disability or disabilities which it is reasonably certain will remain throughout such surviving spouse's lifetime.

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§ 413. Dependency and indemnity compensation to children

Whenever there is no surviving spouse of a deceased veteran entitled to dependency and indemnity compensation, dependency and indemnity compensation shall be paid in equal shares to the children of the deceased veteran at the following monthly rates:

(1) one child, [$189] *$210;*
(2) two children, [$271] *$301;*
(3) three children, [$350] *$389;* and
(4) more than three children, [$350] *$389* plus [$71] *$79* for each child in excess of three.

§ 414. Supplemental dependency and indemnity compensation to children

(a) In the case of a child entitled to dependency and indemnity compensation who has attained the age of eighteen and who, while under such age, became permanently incapable of self-support, the dependency and indemnity compensation paid monthly to such child shall be increased by **[**$112**]** *$125.*

(b) If dependency and indemnity compensation is payable monthly to a person as a "surviving spouse" and there is a child (of such person's deceased spouse) who has attained the age of eighteen and who, while under such age, became permanently incapable of self-support, dependency and indemnity compensation shall be paid monthly to each such child, concurrently with the payment of dependency and indemnity compensation to the surviving spouse, in the amount of **[**$189**]** *$210.*

(c) If dependency and indemnity compensation is payable monthly to a person as a "surviving spouse" and there is a child (of such person's deceased spouse) who has attained the age of eighteen and who, while under the age of twenty-three, is pursuing a course of instruction at an educational institution approved under section 104 of this title, dependency and indemnity compensation shall be paid monthly to each such child, concurrently with the payment of dependency and indemnity compensation to the surviving spouse, in the amount of **[**$96**]** *$107.*

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CHAPTER 21—SPECIALLY ADAPTED HOUSING FOR DISABLED VETERANS

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§ 802. Limitations on assistance furnished

(a) The assistance authorized by section 801(a) of this title shall be limited in the case of any veteran to one housing unit, and necessary land therefor, and shall be afforded under one of the following plans, at the option of the veteran but shall not exceed **[**$30,000**]** *$35,000* in any one case—

(1) where the veteran elects to construct a housing unit on land to be acquired by **[**him**]** *such veteran,* the Administrator shall pay not to exceed 50 per centum of the total cost to the veteran of (A) the housing unit and (B) the necessary land upon which it is to be situated;

(2) where the veteran elects to construct a housing unit on land acquired by **[**him**]** *such veteran* prior to application for assistance under this chapter, the Administrator shall pay not to exceed the smaller of the following sums: (A) 50 per centum of the total cost to the veteran of the housing unit and the land necessary for such housing unit, or (B) 50 per centum of the cost to the veteran of the housing unit plus the full amount of the unpaid balance, if any, of the cost to the veteran of the land necessary for such housing unit;

(3) where the veteran elects to remodel a dwelling which is not adapted to the requirements of **[**his**]** *such veteran's* disability, acquired by **[**him**]** *such veteran* prior to application

for assistance under this chapter, the Administrator shall pay not to exceed (A) the cost to the veteran of such remodeling; or (B) 50 per centum of the cost to the veteran of such remodeling; plus the smaller of the following sums: (i) 50 per centum of the cost to the veteran of such dwelling and the necessary land upon which it is situated, or (ii) the full amount of the unpaid balance, if any, of the cost to the veteran of such dwelling and the necessary land upon which it is situated; and

(4) where the veteran has acquired a suitable housing unit, the Administrator shall pay not to exceed the smaller of the following sums: (A) 50 per centum of the cost to the veteran of such housing unit and the necessary land upon which it is situated, or (B) the full amount of the unpaid balance, if any, of the cost to the veteran of such housing unit and the necessary land upon which it is situated.

(b) Except as provided in section 804(b)[(2)] of this title, the assistance authorized by section 801(b) of this title shall be limited to the lesser of—

(1) the actual cost of the adaptations determined by the Administrator under such section 801(b) to be reasonably necessary, or

(2) $5,000.

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CHAPTER 23—BURIAL BENEFITS

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§ 906. Headstones and markers

(a) * * *

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(b) The Administrator shall furnish, when requested, an appropriate memorial headstone or marker to commemorate any veteran [whose remains have not been recovered or identified or were buried at sea,]—

(1) whose remains have not been recovered or identified;

(2) whose remains were buried at sea, whether by the veteran's own choice or otherwise;

(3) whose remains were donated to science; or

(4) whose remains were cremated and the ashes scattered without interment of any portion of the ashes,

for placement by the applicant in a national cemetery area reserved for such purposes under the provisions of section 1003 of this title, or in any private or local *or State* cemetery.

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CHAPTER 24—NATIONAL CEMETERIES AND MEMORIALS

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§ 1003. Memorial areas

(a) The Administrator shall set aside, when available, suitable areas in national cemeteries to honor the memory of [members of the Armed Forces missing in action, or who died or were killed while serving in such forces and whose remains have not been identified, have been buried at sea or have been determined to be nonrecoverable] *veterans—*

(1) who are missing in action;

(2) whose remains have not been recovered or identified;

(3) whose remains were buried at sea, whether by the member's own choice or otherwise;

(4) whose remains were donated to science; or

(5) whose remains were cremated and the ashes scattered without interment of any portion of the ashes.

(b) Under regulations prescribed by the Administrator, appropriate memorials or markers shall be erected to honor the memory of those individuals, or group of individuals, referred to in subsection (a) of this section.

(c) All national and other veterans' cemeteries in the National Cemetery System created by this Act shall be considered national shrines as a tribute to our gallant dead and, notwithstanding the provisions of any other law, the Administrator is hereby authorized to permit appropriate officials to fly the flag of the United States of America at such cemeteries twenty-four hours each day.

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PART III—READJUSTMENT AND RELATED BENEFITS

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CHAPTER 37—HOME, CONDOMINIUM, AND MOBILE HOME LOANS

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Subchapter I—General

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§1803. Basic provisions relating to loan guaranty

(a) * * *

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(d)(1) The maturity of any loan shall not be more than thirty years and thirty-two days.

(2)*(A)* Any loan for a term of more than five years shall be amortized in accordance with established procedure.

(B) The Administrator may guarantee loans with provisions for various rates of amortization corresponding to anticipated variations in family income. With respect to any loan guaranteed under this subparagraph—

(i) the initial principal amount of the loan may not exceed the reasonable value of the property as of the time the loan is made; and

(ii) the principal amount of the loan thereafter (including the amount of all interest to be deferred and added to principal)

may not at any time be scheduled to exceed the projected value of the property.

(C) For the purposes of subparagraph (B) of this paragraph, the projected value of the property shall be calculated by the Administrator by increasing the reasonable value of the property as of the time the loan is made at a rate not in excess of 2.5 per centum per year, but in no event may the projected value of the property for the purposes of such subparagraph exceed 115 per centum of such reasonable value. A loan made for a purpose other than the acquisition of a single-family dwelling unit may not be guaranteed under such subparagraph.

(3) Any real estate loan (other than for repairs, alterations, or improvements) shall be secured by a first lien on the realty. In determining whether a loan for the purchase or construction of a home is so secured, the Administrator may disregard a superior lien created by a duly recorded covenant running with the realty in favor of a private entity to secure an obligation to such entity for the homeowner's share of the costs of the management, operation, or maintenance of property, services or programs within and for the benefit of the development or community in which the veteran's realty is located, if the Administrator determines that the interests of the veteran borrower and of the Government will not be prejudiced by the operation of such covenant. In respect to any such superior lien to be created after the effective date of this amendment, the Administrator's determination must have been made prior to the recordation of the covenant.

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Subchapter III—Administrative Provisions

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§ 1826. Withholding of payments, benefits, etc.

[(a) The Administrator shall not, unless the Administrator first obtains the consent in writing of an individual, set off against, or otherwise withhold from, such individual any benefits payable to such individual under any law administered by the Veterans' Administration because of liability allegedly arising out of any loan made to, assumed by, or guaranteed or insured on account of, such individual under this chapter.]

[(b)] No officer, employee, department, or agency of the United States shall set off against, or otherwise withhold from, any veteran or the surviving spouse of any veteran any payments (other than benefit payments under any law administered by the Veterans' Administration) which such veteran or surviving spouse would otherwise be entitled to receive because of any liability to the Administrator allegedly arising out of any loan made to, assumed by, or guaranteed or insured on account of, such veteran or surviving spouse under this chapter, unless (1) there is first received the consent in writing of such veteran or surviving spouse, as the case may be, or (2) such liability and the amount thereof was determined by a court of competent jurisdiction in a proceeding to which such veteran or surviving spouse was a party.

* * * * * * *

§ 1828. Exemption from State anti-usury provisions

If, under any law of the United States, loans and mortgages insured under title I or title II of the National Housing Act are exempt from the application of the provisions of any State constitution or law *(1)* limiting the rate or amount of interest, discount points, or other charges which may be charged, taken, received, or reserved by lenders, *(2) restricting the manner of calculating such interest (including prohibition of the charging of interest on interest), or (3) requiring a minimum amortization of principal,* then loans guaranteed or insured under this chapter are also exempt from the application of such provisions.

CHAPTER 39—AUTOMOBILES AND ADAPTIVE EQUIPMENT FOR CERTAIN DISABLED VETERANS AND MEMBERS OF THE ARMED FORCES

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§ 1902. Assistance for providing automobile and adaptive equipment

(a) The Administrator, under regulations which [he] *the Administrator* shall prescribe, shall provide or assist in providing an automobile or other conveyance to each eligible person by paying the total purchase price of the automobile or other conveyance (including all State, local, and other taxes) or [$3,800] *$5,000,* whichever is the lesser, to the seller from whom the eligible person is purchasing under a sales agreement between the seller and the eligible person.

(b)*(1)* The Administrator, under regulations which [he] *the Administrator* shall prescribe, shall provide each eligible person the adaptive equipment deemed necessary to insure that the eligible person will be able to operate the automobile or other conveyance in a manner consistent with [his] *such person's* own safety and the safety of others and so as to satisfy the applicable standards of licensure established by the State of [his] *such person's* residency or other proper licensing authority.

(2) In the case of any veteran (other than an eligible person) who is entitled to compensation under chapter 11 of this title for ankylosis of one or both knees, or one or both hips, the Administrator, under the terms and conditions set forth in section 1903 (a), (c), and (d) of this title and under regulations which the Administrator shall prescribe, shall provide such adaptive equipment to overcome the disability resulting from such ankylosis as is (A) necessary to meet the applicable standards of licensure established by the State of such veteran's residency or other proper licensing authority for the operation of such veteran's automobile or other conveyance by such veteran, or (B) determined to be necessary by the Chief Medical Director for the safe operation of such automobile or other conveyance by such veteran.

(c) In accordance with regulations which [he] *the Administrator* shall prescribe, the Administrator shall (1) repair, replace or reinstall adaptive equipment deemed necessary for the operation of an automobile or other conveyance acquired in accordance with the provisions of this chapter, and (2) provide, repair, replace, or reinstall such adaptive equipment for any automobile or other conveyance which an eligible person may previously or subsequently have acquired.

(d) If an eligible person cannot qualify to operate an automobile or other conveyance, the Administrator shall provide or assist in providing an automobile or other conveyance to such person, as provided in subsection (a) of this section, if the automobile or other conveyance is to be operated for the eligible person by another person.

§ 1903. Limitations on assistance; special training courses

(a) No eligible person shall be entitled to receive more than one automobile or other conveyance under the provisions of this chapter, and no payment shall be made under this chapter for the repair, maintenance, or replacement of an automobile or other conveyance.

(b) Except as provided in subsection (d) of section 1902 of this title, no eligible person shall be provided an automobile or other conveyance under this chapter until it is established to the satisfaction of the Administrator, in accordance with regulations [he] *the Administrator* shall prescribe, that the eligible person will be able to operate the automobile or other conveyance in a manner consistent with [his] *such person's* own safety and the safety of others and will satisfy the applicable standards of licensure to operate the automobile or other conveyance established by the State of [his] *such person's* residency or other proper licensing authority.

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PART IV—GENERAL ADMINISTRATIVE PROVISIONS

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CHAPTER 53—SPECIAL PROVISIONS RELATING TO BENEFITS

Sec.
3101. Nonassignability and exempt status of benefits.
3102. Waiver of recovery of claims by the United States.
3103. Certain bars to benefits.
3103A. Minimum active-duty service requirement.
3104. Prohibition against duplication of benefits.
3105. Waiver of retired pay.
3106. Renouncement of right to benefits.
3107. Apportionment of benefits.
3108. Withholding benefits of persons in territory of the enemy.
3109. Payment of certain withheld benefits.
3110. Payment of benefits for month of death.
3111. Prohibition of certain benefit payments.
3112. Annual adjustment of certain benefit rates.
3113. Limitation on payment of compensation and dependency and indemnity compensation to persons incarcerated for conviction of a felony.
3114. Indebtedness offsets.
3115. Interest and administrative cost charges on delinquent payments of certain amounts due the United States.
3116. Authority to sue to collect certain debts.

* * * * * * *

§ 3103. Certain bars to benefits

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§ 3103A. Minimum active-duty service requirement

(a) Notwithstanding any other provision of law, the requirements for eligibility for or entitlement to any benefit under this title or other laws administered by the Veterans' Administration based on the duration of the active duty in one of the Armed Forces of a person who initially enters such active duty after September 7, 1980, shall be exclusively as prescribed in this title.

(b)(1) Except as provided in paragraph (2) of this subsection, a person who initially enters active duty in one of the Armed Forces after September 7, 1980, shall not, by reason of such active duty, be provided with any benefit under this title or other laws administered by the Veterans' Administration—

(A) if such person's initial period of enlistment or other initial period of obligated service is for twenty-four or more months of active duty and such person is discharged or released from active duty before completing at least twenty-four months of such person's obligated period of active duty; or

(B) if such person's initial period of enlistment or other initial period of obligated service is for less than twenty-four months of active duty and such person is discharged or released from active duty before completing the full period of such enlistment or other obligated service.

(2) Paragraph (1) of this subsection shall not apply to—

(A) any person who is discharged or released from active duty (i) under section 1171 or 1173 of title 10, or (ii) because of a service-connected disability;

(B) any person who has a disability that the Administrator has determined to be compensable under chapter 11 of this title;

(C) a commissioned or warrant officer who initially enters a period of active duty prior to October 1, 1981;

(D) the provision of any benefit for or on account of any service-connected disability or condition;

(E)(i) the continuation of insurance pursuant to section 768(a)(1)(A) of this title; or

(ii) the right to designate or change the designation of a beneficiary or beneficiaries pursuant to section 770(a) of this title; or

(F) any benefit provided under applicable law prior to October 1, 1981.

(c)(1) Except as provided in subsection (b)(2) of this section and paragraph (2) of this subsection, no dependent or survivor of a

person as to whom paragraph (1) of subsection (b) of this section requires the denial of benefits shall, by reason of such person's period of active duty, be provided with any benefit under this title or other laws administered by the Veterans' Administration.

(2) Paragraph (1) of this subsection shall not apply to—

(A) the survivors or dependents of a person to whom paragraph (1) of subsection (b) of this section is made inapplicable by paragraph (2) (A), (B), or (C) of such subsection;

(B) benefits under chapters 13, 17, 35, and 37 and sections 907 and 908 of this title; or

(C) the payment of insurance pursuant to section 768(a)(1)(A) of this title.

(d) For the purposes of this section, the term "benefit" includes a right or privilege but does not include a refund or payment, pursuant to section 1623, 1624, or 1625 of this title, of a participant's contributions to the educational benefits program provided by chapter 32 of this title.

* * * * * * *

§ 3203. Hospitalized veterans and estates of incompetent institutionalized veterans

(a)(1)(A) Where any veteran having neither spouse nor child is being furnished domiciliary care by the Veterans' Administration, no pension in excess of $60 per month shall be paid to or for the veteran for any period after the end of the second full calendar month following the month of admission for such care.

(B) Where any veteran having neither spouse nor child is being furnished hospital or nursing home care by the Veterans' Administration, no pension in excess of $60 per month shall be paid to or for the veteran for any period after the end of the third full calendar month following the month of admission for such care.

(C) No pension in excess of $60 per month shall be paid to or for a veteran having neither spouse nor child for any period after the month in which such veteran is readmitted for care described in subparagraph (A) or (B) of this paragraph and furnished by the Veterans' Administration if such veteran is readmitted within six months of a period of care in connection with which pension was reduced pursuant to subparagraph (A) or (B) of this paragraph.

(D) For the purposes of subparagraphs (B) and (C) of this paragraph, no period of time that does not exceed one hundred and eighty days within any twelve-month period shall be counted as time during which a veteran is being furnished hospital or nursing home care if the Administrator determines that the primary purpose for the furnishing of such care during such period of time is for the Veterans' Administration to provide such veteran with a prescribed program of rehabilitation services, under chapter 17 or 31 of this title, designed to restore such veteran's ability to function within such veteran's family and community.

APPENDIX C

[Excerpts from the Congressional Record, Vol. 127, No. 113, pp. S8389-S8412—Senate, July 24, 1981]

VETERANS' DISABILITY COMPENSATION, HOUSING AND MEMORIAL BENEFITS AMENDMENTS OF 1981

Mr. Baker. Mr. President, I ask the Chair to lay before the Senate Calendar No. 200, S. 917.

The **Presiding Officer.** The clerk will state the bill by title.

The assistant legislative clerk read as follows:

Calendar No. 200, a bill (S. 917) to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Veterans' Affairs with an amendment to strike out all after the enacting clause, and insert the following:

* * * * * * *

Mr. Simpson. Mr. President, I rise in support of S. 917 as reported, the proposed "Veterans' Disability Compensation and Housing Benefits Amendments Act of 1981." S. 917 provides for an 11.2 percent increase in compensation benefits to service-connected disabled veterans, the same cost-of-living increase granted to those receiving social security and VA pension benefits earlier this year. Such an increase reflects the strong feeling that compensation and DIC benefits are of the highest priority for those Senators on both sides of the aisle. This bill addresses the pressing needs of our most deserving veterans and demonstrates the Senate's * * * and this committee's * * * continuing commitment to make VA programs more responsive to the legitimate needs and concerns of all veterans.

Mr. President, I would wish to take this opportunity to briefly describe the provisions of S. 917.

The major portion of this bill addresses the needs of those veterans who are the primary concern of the Senate Veterans' Affairs Committee and of the Veterans' Administration; namely, those veterans with service-connected disabilities. These are the veterans who incurred a disability while serving our country, and I think everyone would agree, that they merit an appropriate adjustment in compensation and dependency and indemnity compensation (DIC) benefits to keep pace with inflation. Therefore, S. 917 provides for a cost-of-living increase for the basic service-connected compensation rates, (DIC) and the annual clothing allowance for those veterans whose clothing is damaged by continued use prosthetic or orthopedic appliances. The increase this year is 11.2 percent. This is the same cost-of-living increase received by recipients of social security and VA pension benefits. In addition to the cost-of-living increase, the bill would address certain inequities in present law by increasing the base rate of compensation for those severely disabled service-connected veterans who have suffered a bilateral loss or loss or use of their upper extremities.

Another VA program for the service-connected veteran is the automobile and adaptive equipment assistance program which provides funds to aid in the purchase of automobile and adaptive equipment, and to assist eligible veterans in learning how to operate that equipment. The committee bill recognizes the increasing cost of automobiles and necessary adaptive equipment, by raising the amount which the VA is authorized to pay toward purchase of such a vehicle. In addition, the committee would extend eligibility for this program to those veterans suffering ankylosis. This is a condition in which the hips or knees are frozen in one position, which condition then usually requires a special automobile adaptor in order to be able to operate a vehicle safely. The committee believes these veterans have been excluded from the program for too long a time.

Another VA program for the service-connected veteran is the specially adapted housing program which assists severely disabled veterans by providing financial assistance and counsel of aid in the purchase and/or, modification of such veterans' homes.

Veterans who are blind, quadriplegic, paraplegic, or amputees, and those who use wheelchairs, braces or crutches, often require extra railings, special bathroom equipment, extra large rooms and hallways, and other adaptations. The committee bill would increase the amount available to such veterans from $30,000 to $35,000, an increase necessary in view of the continually skyrocketing price of the construction of homes.

In addition to these provisions affecting the service-connected disabled veteran, Mr. President, the bill before the Senate today contains five other sections:

First, the bill would authorize a graduated-payment plan within the VA loan guaranty program. The committee believes that the time has come to initiate such a plan which would allow the younger veteran earning less money to participate in the VA's loan-guaranty program in these times of spiraling interest rates and costs. This is a plan which has been successfully adopted by HUD. In addition, as a technical amendment, the bill authorizes the Administrator to offset other VA benefits against delinquent VA-guaranteed loans.

Second, the committee's commitment to rehabilitation prompted a change in title 38 which presently reduces pension benefits after 3 months of hospitalization in a VA facility. S. 917 would maintain pension benefits up to 180 days out of any 12-month period if the veteran is hospitalized and in a prescribed program of rehabilitation. The purpose of this change is to encourage such veterans to reach out for greater self-sufficiency, by reducing the disincentive to participate in a rehabilitation program.

Third, the committee has undertaken another step which will remedy an inequity in the present law. We are authorizing memorials for those veterans whose remains are not interred because the remains were not recovered or because the veteran chose to donate his or her body to science, or chose to be cremated. Such veterans should not be denied memorialization.

Fourth, the committee bill takes an important course by directing the VA to undertake a report of the known adverse effects of radiation exposure, and to promulgate regulations for resolving claims for benefits administered by the Veterans' Administration based on exposure to radiation. These actions follow the important work already begun by the VA on agent orange, and we trust that both studies will provide valuable information relevant to the efforts of this committee and the VA in order that we be fully responsive to the needs of veterans who were exposed to radiation.

Mr. President, I wish to emphasize that any contract for the radiation literature review would be entered into only subject to the availability of appropriations, as is the case, of course, with the VA's standard contract authority in section 213 of title 38, United States Code, and that the contract authority in section 504(a)(2) does not constitute a new authorization for appropriations, since there is already an implicit open-ended authorization of appropriations for VA medical research.

Finally, S. 917 would provide a minimum service requirement for veterans to establish eligibility for VA benefits. Generally, the minimum service requirement is 24 months, or the full obligated period if it should be less than 24 months. This provision would serve as a cost-savings measure but certainly it is an important step in equalizing eligibility requirements and promoting a sense of responsibility with respect to an enlistment.

Mr. President, S. 917 contains a committee amendment. The amendment is in three parts. The first part would extend the various maximum lengths of maturity of VA loans for purchase of mobile homes and mobile home lots. This change would conform the maximum terms of such loans to the new maximum terms for FHA loans and would facilitate the pooling of VA loans with other Federal loans.

The second part would correct and clarify current law relating to veterans' spouse's educational delimiting periods. And, the third part would vest additional discretionary authority in the Administrator to determine whether and educational institution should be approved for purposes of GI bill benefits.

Mr. President, in concluding I should wish to sincerely thank the distinguished ranking minority member from California, Senator CRANSTON, for his invaluable help and cooperation on this bill the remarkable Senator from South Carolina, Senator THURMOND, for his contributions and each of the other committee members and colleagues, all of whom are cosponsors of this measure.

In addition, I should like to recognize and to thank the very able members of the majority staff for their efforts—Ken Bergquist, Julie Susman, John Pressley, Lois Ann Harper, Rhonda Gazda, and our editorial director, Harold Carter, as well as members of the capable minority staff—Jonathan Steinberg, Babette Polzer, Ed Scott, and Molly Milligan.

Mr. President, I believe the committee has reported out a bill which is well balanced, and one that meets the needs of our most deserving veterans in the areas of compensation, housing, and memorial affairs. On behalf of the entire committee, I urge the Senate's favorable consideration of this bill. Thank you, Mr. President.

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VETERANS' DISABILITY COMPENSATION, HOUSING, AND MEMORIAL BENEFITS AMENDMENTS OF 1981

Mr. **CRANSTON**. Mr. President, I am most pleased to join the distinguished chairman of the Veterans' Affairs Committee in urging that the Senate approve S. 917, the proposed "Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981," as it was reported from the committee on July 16.

The issues addressed in the pending legislation are, in many ways, at the very heart of veterans' benefits programs. The recognition of the sacrifices made and the hardships incurred by our Nation's veterans are best reflected in our commitment to assuring that we meet the needs of those who bear the scars of battle from service to our country and the dependents and survivors of those veterans who made the supreme sacrifice for our country's security. The needs of veterans who suffer from service-connected disabilities and the survivors who suffer from service-connected disabilities and the survivors of veterans who died from service-connected causes must be our No. 1 priority.

I strongly support the 11.2-percent cost-of-living increase in rates of VA service-connected disability compensation and dependency and indemnity compensation that is proposed in the committee bill. The committee bill would provide for a much-needed cost-of-living increase in the rates of compensation for almost 2.3 million service-connected disabled veterans and dependency and indemnity compensation for 324,370 survivors of veterans who died of service-connected causes. In addition, the bill would make a number of substantive improvements in certain VA programs for service-connected disabled veterans.

I believe it is significant that, during this extremely difficult period of budgetary constraints, we have been successful in not only providing an increase that equals the increase in social security and VA pension rates, but also in proposing other modest, but important, improvements in VA programs for service-connected disabled veterans. The policy of providing a compensation/DIC rate increase commensurate with that provided in the indexed social security and veterans' pension programs is one I first proposed in 1979, and I am delighted to see the committee continuing this policy.

There are five other specific provisions in the pending measure which I authored, Mr. President, and which I will specifically address.

INCREASE IN SPECIALLY ADAPTED HOUSING ASSISTANCE

First, section 403 of the committee bill would increase from $30,000 to $35,000, effective October 1, 1981, the maximum amount payable in specially adapted housing assistance under chapter 21 of title 38, United States Code, to certain veterans with total and permanent service-connected disabilities. This provision derives from the provisions of a measure I introduced earlier this year—S. 415—which is cosponsored by Senators Randolph, Matsunaga, DeConcini, Thurmond, Stafford, and Mitchell.

Under the program of specially adapted housing assistance for disabled veterans, often referred to as the "wheelchair home" program, the VA assists veterans with certain permanent and total service-connected disabilities in acquiring suitable housing with adaptations made necessary by the nature of their disabilities. Under current law, these disabled veterans are eligible for a grant not to exceed 50 percent of the cost of the home and the necessary land, up to a maximum of $30,000. Veterans eligible for housing assistance grants are principally quadraplegics, paraplegics, amputees, and others who require the use of a wheelchair, braces, or crutches to move about. Their disabling conditions may require ramps, special bathroom equipment, extra-large rooms and hallways, and other adaptations that are essential for their health and safety.

The last increase in the amount of a specially adapted housing assistance was made by Public Law 95-476, which raised the maximum to $30,000, effective October 1, 1978. Housing costs have risen steadily in the nearly 3 years since then. By raising the maximum limit to $35,000, the committee bill would enable most of the veterans who are eligible for this benefit to obtain assistance approximately 50 percent of the cost of their homes and thus help meet the needs of this special group of veterans.

AUTOMOBILE ASSISTANCE AND ADAPTIVE EQUIPMENT AMENDMENTS

Second, Mr. President, title III of the committee bill would increase the amount of the automobile assistance allowance provided by the VA to veterans with certain severe, service-connected disabilities and would extend eligibility for the provision of automobile adaptive equipment to certain other service-connected disabled veterans. These provisions are derived from another measure that I, also joined by Senators Randolph, Matsunaga, DeConcini, Thurmond, Stafford, and Mitchell, introduced early in this session—S. 416, the proposed "Automobile Assistance and Adaptive Equipment Amendments of 1981."

Under the program of automobile assistance—first established in 1946—veterans who have suffered the service-connected loss or loss of use of one or both feet or hands or service-connected blindness are entitled to a one-time VA grant to assist them in purchasing an automobile. Since the effective date of the last increase which I authored in 1978 to the current level of $3,800—October 1, 1978—the Bureau of Labor Statistics' Consumer Price Index component for new automobiles has increased more than 21.6 percent, and it is expected to continue to increase through the end of this fiscal year. Thus, the committee bill, by increasing the automobile assistance allowance to $5,000, effective October 1, 1981, will help insure that the value of this benefit keeps pace with inflation.

In addition, Mr. President, the committee bill—as we proposed in S. 416—would extend, effective October 1, 1981, eligibility under specified circumstances for adaptive equipment—but not the one-time automobile-purchase grant—to a veteran who is entitled to service-connected compensation for ankylosis of one or both knees, or one or both hips, but who is not considered to have lost the use of a lower extremity.

Under current law, those seriously service-connected disabled veterans who are eligibile for the automobile-purchase grant are also eligible for an adaptive equipment allowance which covers the cost of necessary adaptive equipment and the installation, maintenance, and replacement of such equipment. However, there are veterans who have incurred certain disabilities which can preclude them from safely operating a motor vehicle that has not been adapted but who are not eligible for either the automobile assistance award or the adaptive equipment allowance.

Specifically, disabled veterans who suffer from ankylosis—the stiffening of a joint as the result of abnormal bone fusion—of the knees or hips at so-called "favorable" angles. Although veterans who suffer from service-connected ankylosis at unfavorable angles—their knees or hip joints being fused in somewhat of a bent or sitting position—meet the criterion of "loss of use" and are therefore eligible for adaptive equipment assistance, veterans who suffer from service-connected ankylosis at favorable angles—their knees or hip joints being fused in a more straightened position—do not. However, in some cases, these veterans may need special adaptive equipment—such as left-foot accelerators, power brakes, hand-held parking brakes, or automatic transmissions—before they can safely operate their motor vehicles.

I am pleased that the committee shares my view that it is appropriate that the Federal Government assist these veterans in bearing the cost of the adaptive equipment they need in order to operate a motor vehicle. In these cases, the award would be made to provide such adaptive equipment to overcome the resulting disability as is necessary for the veteran to satisfy his or her State's drivers' licensing laws or regulations, or as is determined to be necessary by the VA's Chief Medical Director, for the veteran to operate his or her motor vehicle safely.

RADIATION LITERATURE REVIEW

Third, section 504 of the committee bill, which I authored, would require the VA to conduct a review and analysis of literature relating to long-term adverse health effects of human exposure to radiation and would require the VA to consult with and actively coordinate with other Federal Government entities involved in radiation exposure-related activities. The purpose for this review is to assure that the VA is fully informed about and will pull together available, relevant scientific information regarding radiation exposure in order to be better able to resolve fairly and consistently the very complex issues involved in radiation-related VA compensation or death claims. This review would be similar to that which the VA currently is conducting, pursuant to section 307 of Public Law 96-151, on literature regarding dioxin, the highly toxic component in agent orange.

Mr. President, approximately 250,000 Defense Department personnel participated in nuclear weapons tests between 1945 and 1963. Another 25,000 service personnel are estimated to have been attached to the U.S. occupation forces in Hiroshima and Nagasaki following the bombings of those cities at the end of World War II. During the 96th Congress, I chaired hearings on the difficulties experienced by these veterans and their survivors in pursuing claims, through the VA adjudication process, for health problems they believe are related to their exposure to radiation during service.

Resolving such claims is not easy since the long-term health effects of exposure to low levels of radiation are not yet completely understood. But it is clear that human exposure to certain levels of radiation causes—usually after a latency period of many years—an increased incidence of malignant tumors and also can cause genetic damage. Today, even though the controversy continues as to what specific health problems might result from exposure to low levels of radiation, scientists are in general agreement that there is no completely safe level of exposure to radiation.

Information received during the committee's hearings in the last Congress—and related hearings held by other committees during the 95th and 96th Congresses—demonstrated that the Government failed to follow up medically on these veterans to determine what, if any, adverse health effects might be related to their exposure and so there is little information available related directly to the experience of this population. In dealing with radiation-related claims, the VA has relied heavily on comprehensive reviews such as the 1972 and the 1980 reports of the Committee on Biological Effects on Ionizing Radiation—BEIR—of the National Academy of Sciences and the 1977 report of the Scientific Committee on the Effects of Atomic Radiation of the United Nations—UN SCEAR. These reviews were concerned primarily with determining minimum exposure levels that might be considered safe. Their relevance to the case-by-case adjudication of individual veterans' claims and their utility in adjudicating those claims may vary greatly.

Further, as the GAO pointed out in its January 2, 1981, report entitled "Problems in Assessing the Cancer Risks of Low-Level Ionizing Radiation Exposure"—EMD-81-1—some 80,000 articles have been published internationally on the health effects of ionizing radiation. In my view, the VA, for the purpose of reaching reasonable determinations with respect to these claims, should be required, as section 504 would do, to pull together and analyze the available scientific literature and to determine where updating is needed or gaps in available research need to be filled.

Mr. President, in addition to conducting and reporting on, the required review and engaging in active coordination with other Federal Government entities, section 504 would require the VA to promulgate regulations, based on the report on the required literature review and other available information, for resolving radiation-related claims. This provision is similar to one contained in the proposed amendment to the VA's agent orange study reported by our committee in S. 921 and passed by the Senate on June 16 in H.R. 3499. The proposed regulations would be required to be published in the Federal Register for public review and comment.

Mr. President, in connection with the requirement that the VA promulgate such regulations, I believe it is important to note what actions section 504 would not require.

The VA would not be required to develop rules with respect to the specific adverse health effects that develop subsequent to a known exposure to a quantifiable dose of radiation. Nor would the VA be required to quantify precisely the health risk to which a claimant was subjected in connection with in-service exposure to radiation. Whether such guidelines can properly or should be issued would be a matter for the VA to decide. Rather, the regulation-issuing requirement is intended to assure that the policies and procedures proposed by the VA for resolving radiation-related claims are matters with respect to the development of which there is full public participation. Because of the complex nature of this issue, I believe that the opportunity for such participation must be provided.

MINIMUM SERVICE REQUIREMENT

Fourth, Mr. President, section 505 of the committee bill includes my amendment to amend title 38 to incorporate in title 38, with certain significant modifications and with respect to non-service-connected benefits administered by the VA under laws other than title 38, the general 2-year minimum-service requirement for eligibility for Federal benefits for veterans that was added to title 10 as a section 977 last year, and which is the subject of a Senate-passed amendment authored by the distinguished chairman of the Veterans' Affairs Committee (Mr. SIMPSON) in S. 815, the proposed "Department of Defense Authorization Act of 1982." The committee report (S. Rept. No. 97-153 at pages 36–45) fully describes the purpose and effect of these provisions in comparison to present section 977 and the Simpson amendment.

Mr. President, I put this provision forward with Senator SIMPSON's support and cooperation, not just because I consider the substantive changes that it would make important, but because I believe it to be very important that the eligibility for title 38 and other VA benefits be located in title 38. I also wish to point out that Senator SIMPSON and I, in conjuction with our committee counterparts in the other body, are working with the Armed Services Committees in both bodies to achieve consensus on the minimum service requirement policies that will appear in title 38 and title 10.

MOBILE HOME LOANS AND OTHER PROVISIONS IN THE COMMITTEE AMENDMENT

Finally, Mr. President, I would like to call my colleagues' attention to the provisions of the amendment which the distinguished majority leader has so graciously offered as a committee amendment on behalf of Senator Simpson and myself and that the Senate has approved. This amendment contains three provisions which I believe are important to note.

First, the committee amendment contains a provision which I authored, adding a new section 405 to the committee bill, that would amend section 1819 of title 38, relating to VA loan guaranties for the purchase of mobile homes and mobile home lots, to extend the maximum lengths of maturity of the various types of loans for such purchases that may be guaranteed by the VA. Thus, this amendment would conform the maximum terms of such loans guaranteed by the VA to the corresponding new maximum terms for FHA-insured manufactured housing loans that were agreed to in H.R. 3982, the House-passed "Omnibus Reconciliation Act of 1981," and as passed by the Senate in May in a separate bill, S. 1197, the proposed "Housing and Community Development Amendments of 1981." This extension for FHA loans was requested in late April by the administration, and I am advised that the conferees responsible for the provisions relating to housing in the reconciliation measure reached agreement this past Tuesday to include the new FHA maturity period requested by the administration.

VA and FHA loans, as well as other Federal commitments, are often pooled in large denominations and then sold on the secondary market. However, in order to pool such loans, the maturity dates need to be comparable so that all the loans in the pool mature at the same time. Facilitating the combined packaging of these loans for sale in the secondary market would serve to increase the overall availability of credit for veterans and would thus benefit veterans who choose to purchase manufactured housing.

Mr. President, I am very pleased that the Senate has approved the committee amendment that would increase the maturity dates of VA-guaranteed loans to equal the lengths of the new about-to-be-enacted terms for the FHA—from 15 to 20 years in the case of loans for a single-wide home and for a single-wide home and a lot; from 20 to 23 years for a double-wide home; and from 20 to 25 years for a double-wide home and a lot.

Second, the amendment would add a new section to the committee bill to modify the manner in which the chapter 35 VA educational assistance delimiting period is measured in the case of a surviving spouse. This provision is designed to correct an inequity in existing law that has come to the attention of the committee. This amendment was developed in consultation with the House Committee on Veterans' Affairs and the VA.

Third, the amendment would add to the committee bill a new section which would provide for a waiver of a pro rata refund requirement in the case of certain public institutions. This provision was incorporated into the committee amendment on the initiative of the Senator from Arizona (Mr. DeConcini) and is designed to deal with a particular situation which, according to the VA, is unique to the Senator's State of Arizona, and I know the Senator will describe that situation in more detail in his remarks on this measure.

Briefly, the amendment would permit the Administrator to waive a GI bill requirement that a nonaccredited educational institution maintain a title 38 pro rata refund policy in the case of a public institution that is a candidate for accreditation if the Administrator determines that such a requirement imposes an undue administrative hardship on that school in light of the small amount of tuition, fees, and other charges at such an institution. This provision is modeled on a provision enacted in Public Law 96-466 last year that permits the Administrator to waive a requirement in section 1673(a) of title 38 for computation of the so-called 50-percent employment ratio by a school offering a vocational objective course, if the computation would impose an undue administrative hardship on the school because of the small proportion of GI bill trainees enrolled in the course.

CONCLUSION

Mr. President, we have before us an excellent example of a bipartisan effort that reflects our true commitment to this very special group of veterans. The chairman of the committee, Senator Simpson, deserves congratulations for the development of this measure, as do the members of the committee's majority staff who devoted much effort to this bill—Julie Susman and Lois Harper. In addition, Senator Thurmond—and his staff representative, John Pressley—merit special congratulations for their efforts to recognize the special needs of veterans who suffer from the service-connected loss or loss of use of both hands, efforts that I strongly support in this measure. Finally, I would like to make special mention of the committee's minority staff—Babette Polzer, Molly Milligan, Ed Scott, and Jon Steinberg—for their contributions to the development of the bill.

I am delighted, Mr. President, to endorse the provisions of the committee bill. I wholeheartedly recommend them to my colleagues and urge the Senate to approve the measure unanimously.

Mr. THURMOND. I rise in support of S. 917, the "Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981."

The major feature of S. 917 is its 11.2-percent cost-of-living increase for recipients of the Veterans' Administration compensation program. Also, those widows who are recipients of benefits under the disability indemnity compensation program will receive a 11.2-percent adjustment. I believe this increase is an example of the continuing commitment of the Senate Veterans' Affairs Committee to insure that those disabled due to service-related injuries will rank the highest in the scheme of veterans' benefits.

The compensation program currently provides benefits for 2,276,542 veterans who have service-connected disabilities. This number is composed of disabled veterans with the following periods of service: 2,730 World War I; 1,176,495 World War II; 234,420 Korean-conflict; and 562,849 Vietnam-era.

Mr. President, I am pleased that S. 917 contains a provision that I introduced which would rectify the disparity in current law between compensation rates for loss of function between those who have suffered the anatomical loss or loss of use of both upper extremities and those who have suffered loss of the lower extremities.

Title III provides an increase to $5,000 in the one-time automobile allowance for certain disabled veterans. The current automobile allowance is $3,800 and has not been increased since 1978. It is my understanding that the Consumer Price Index component for new automobiles has increased 21.6 percent since 1978.

Title IV of S. 917 establishes a graduated-payment plan as part of the Veterans' Administration's loan guaranty program and increases the amount which may be granted for specially adapted housing assistance. The VA loan guaranty program is extremely important both to veterans who are helped in the purchase of homes and to the economy as a whole. Unfortunately the soaring costs of purchasing a home, exacerbated primarily by the nearly unprecedented increases in mortgage interest rates, have forced many potential first home buyers out of the housing market. I believe that the time has come to introduce a graduated-payment plan into the loan guaranty program of the VA.

Title V of S. 917 contains various miscellaneous provisions regarding the payment of pension benefits to certain hospitalized veterans; memorial markets to veterans whose remains are not interred; and, a requirement that the VA conduct an analysis of literature regarding the radiation exposure of veterans to certain atomic tests conducted in the 1950's.

Mr. President, I have outlined the basic provisions of S. 917 and I believe it is very meritorious and I intend to support it.

UP AMENDMENT NO. 294

(Purpose: To designate the hospital known as the Veterans' Administration Medical Center, located in Reno, Nevada, as the "Ioannis A. Lougaris Veterans' Administration Medical Center")

Mr. BAKER. Mr. President, I send to the desk an amendment on behalf of the Senators from Nevada (Mr. Laxalt and Mr. Cannon).

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. Baker), for Mr. Laxalt and Mr. Cannon, proposes an unprinted amendment numbered 294.

Mr. BAKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 27, above line 1, insert the following new section:

SEC. 508. The Veterans' Administration Medical Center in Reno, Nevada, shall hereafter be known and designated as the "Ioannis A. Lougaris Veterans' Administration Medical Center". Any reference to such center in any law, regulation, map, document, record, or other paper of the United States shall after such date be deemed a reference to the Ioannis A. Lougaris Veterans' Administration Medical Center.

The amendment was agreed to.

UP AMENDMENT NO. 295

(Purpose: To increase the maximum loan period for home loans guaranteed by the Veterans' Administration for the purchase of mobile homes, to modify the manner in which the VA educational assistance delimiting period is measured in the case of a surviving spouse and to provide for a waiver of a pro rata refund requirement in the cases of certain public institutions of higher learning)

Mr. BAKER. Mr. President, I send to the desk an amendment on behalf of the Senator from Wyoming (Mr. SIMPSON) and the Senator from California (Mr. CRANSTON) and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER), for Mr. SIMPSON and Mr. CRANSTON, proposes an unprinted amendment numbered 295.

Mr. BAKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 18, between lines 11 and 12, insert the following new section:

EXTENSIONS OF MAXIMUM TERMS OF VETERANS' ADMINISTRATION-GUARANTEED LOANS FOR MOBILE-HOME PURCHASES

SEC. 405. Paragraph (1) of section 1819(d) is amended to read as follows:

"(d)(1) The maturity of any loan guaranteed under this section shall not be more than—

(A) fifteen years and thirty-two days, in the case of a loan for the purchase of a lot;

(B) twenty years and thirty-two days, in the case of a loan for the purchase of—

(i) a single-wide mobile home; or

(ii) a single-wide mobile home and a lot;

(C) twenty-three years and thirty-two days, in the case of a loan for the purchase of a double-wide mobile home; or

(D) twenty-five years and thirty-two days, in the case of a loan for the purchase of a double-wide mobile home and a lot.".

On page 27, above line 1, insert the following new sections:

DELIMITING DATES FOR SURVIVING SPOUSES OF CERTAIN SERVICE-CONNECTED DISABLED VETERANS

SEC. 506. (a) Section 1712(b)(1) is amended—

(1) by striking out "or" at the end of clause (A);

(2) by amending clause (B) to read as follows:

"(B) the date of death of a veteran who dies while a total disability evaluated as permanent in nature was in existence, or"; and

(3) by adding at the end the following new clause:

"(C) the date on which the Administrator determines that the person from whom eligibility is derived died of a service-connected disability.".

(b) Subsection (f) of section 2 of Public Law 90-631 (82 Stat. 1331) is amended—

(1)(A) by striking out "(f) In" and inserting in lieu thereof "(f)(1) Except as provided in paragraph (2) of this section, in", (B) by striking out "(C)" and inserting in lieu thereof "(D)", and (C) by striking out "eight" and inserting in lieu thereof "ten"; and

(2) by adding at the end the following new paragraph:

"(2) Where the death of the person from whom such eligibility is derived occurred before December 1, 1968, and the date on which the Administrator of Veterans' Affairs determines that such person died of a service-connected disability is later than December 1, 1968, the delimiting period referred to in section 1712(b) of such title shall run from the date on which the Administrator makes such determination.".

WAIVER OF PRO RATA REFUND REQUIREMENT IN THE CASE OF CERTAIN INSTITUTIONS

SEC. 507. Section 1776 is amended by adding at the end the following new subsection:

"(d) The Administrator may waive the requirements of subsection (c)(13) of this section in the case of an institution of higher learning which—

"(1) is operated by an agency of a State or of a unit of local government,

"(2) is located within such State or, in the case of an institution operated by an agency of a unit of local government, within the boundaries of the area over which such unit has taxing jurisdiction, and

"(3) is a candidate for accreditation by a regional accrediting association, if the Administrator determines, pursuant to regulations which the Administrator shall prescribe, that such requirements would work an undue administrative hardship because the total amount of tuition, fees, and other charges at such institution is nominal.".

On page 27, line 6, strike out "and 403" and insert in lieu thereof "403, and 405".

The amendment (UP 295) was agreed to.

COMMITTEE AMENDMENT

Mr. SIMPSON. First, the amendment would add a new section 405 to the pending measure to amend section 1819 of title 38, United States Code, relating to VA loan guarantees for the purchase of mobile homes and mobile home lots, to extend the various maximum lengths of maturity of loans for such purchases that may be guaranteed by the VA.

The purpose of this amendment is to conform the maximum terms of such loans guaranteed by the VA to the new maximum terms of FHA loans for the purchase of manufactured housing in H.R. 3982, the proposed "Omnibus Reconciliation Act of 1981," as passed by the House on June 26 and in S. 1197, the proposed "Housing and Community Development Amendments of 1981." These new maturity periods were requested in late April by the administration for the FHA loans, and I am advised that the conferees responsible for the pertinent portion of the reconciliation measure reached agreement on Tuesday on the provisions affecting the FHA manufactured housing loans.

VA and the FHA loans, as well as other Federal commitments are often pooled in large denominations and then sold on the secondary market. However, in order to pool such loans, the maturity dates need to be comparable so that all the loans in the pool will mature at the same time. Thus, in order to facilitate the continued pooling of such loans, the committee amendment would increase the maximum maturities in the case of VA-guaranteed loans to those proposed for FHA: from 15 to 20 years in the case of loans for a single-wide mobile home and a single-wide mobile home and a lot; from 20 to 23 years for a double-wide mobile home; and from 20 to 25 years for a double-wide mobile home and a lot.

Second, the committee amendment would add a new section 506 to the bill to amend a free-standing provision of public law 90-631, relating to the measurement of a veteran's spouse's educational delimiting period in the case of a veteran who died prior to December 1, 1968, in order to correct an inequity which has recently come to the committee's attention. The committee amendment would also make a technical amendment to section 1712(b) of title 38, United States Code, relating to the measurement of a spouse's delimiting period, to clarify existing law.

Third, the committee amendment would add a new section 507 which would amend section 1776 of title 38, relating to the criteria for approval of nonaccredited courses for the purposes of GI bill benefits, to permit the Administrator, in the cases of certain public institutions of higher education that are candidates for accreditation, to waive the requirement that the institution maintain a policy of making pro rata refunds to students who drop a course before its completion if the Administrator determines that the total amount of tuition, fees, and other charges at the institution is nominal and thus the requirement would work an undue administrative hardship on the institution.

I ask unanimous consent to have printed in the Record letters from various veterans organizations.

There being no objection, the letters were ordered to be printed in the Record, as follows:

DISABLED AMERICAN VETERANS,
DEPARTMENT OF NEVADA,
Sparks, Nev., July 21, 1981.

HON. SENATOR LAXALT: I have been informed that you are interested in a Senate Bill concerning the change of name of the VA Medical Center in Reno. This "change of name" in honor of DAV member "Lougaris" has been an issue with DAV'ers in Nevada and other veterans for many many years.

The Department of Nevada Disabled American Veterans has resolved that we support all bills in Congress changing the name of the VAMC in Reno. Attached is documentation from our State Convention on this resolution. I am sure your office has been contacted repeatedly, from the DAV, Department of Nevada, and other organizations in support of this bill.

Please use your influence, in our support, to gain approval of Senate Bill 511.

Thank you,

W. A. Parcelle, *Commander.*

DISABLED AMERICAN VETERANS ANNUAL CONVENTION STATEMENT

We disabled veterans urge our Congressional Delegation to take immediate action to pass Senate Bill 511 now pending before the Senate Veterans' Committee of the United States Senate.

"Johnny," as we know him, is respected and loved by the Disabled American Veterans for his long devoted services to the veterans of our state, especially to us.

He has been the father of the Disabled American Veterans in Nevada, which has grown from 25 members in 1932, to a present membership of over 2,000.

He is most deserving of the recognition referred to in Senate Bill 511. He has the support of every disabled veteran of our state.

It is resolved that a copy of this statement be mailed to the Honorable Howard W. Cannon and the Honorable Paul Laxalt, United States Senators from the State of Nevada, and the Honorable James Santini, Congressman from the State of Nevada.

Adopted unanimously this 1st Day of May, 1981, at Reno, Nevada.

——— ———,

Department Commander.

Disabled American Veterans,
Department of Nevada,
Sparks, Nev., July 21, 1981.

Gov. Robert List,
State Capital Building,
Carson City, Nev.

Hon. Governor List: As you well know, the objectives of the Disabled American Veterans has a direct impact on Vietnam veterans.

The Disabled American Veterans, Department of Nevada naturally strive toward the legislative goals of Disabled American Veterans.

We adamantly support the appointment of Vance DeBilzan to your Veterans Advisory Committee. Since he is a counselor with the Veterans Administration, and is knowledgeable in the needs of veterans in the State of Nevada, we request that he replace Mr. Crosby, as a representative of Disabled American Veterans.

Enclosed is a copy of the Disabled American Veterans legisative goals. Mr. DeBilzan is familiar with these goals and a well qualified representative of Disabled American Veterans.

The Disabled American Veterans, Department of Nevada, requests your prompt response regarding our request that Mr. DeBilzan be placed on your Veterans Advisory Committee.

Sincerely,

W. A. Parcelle, *Commander.*

U.S. Senate,
Washington, D.C., June 22, 1981.

Hon. Alan Simpson,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Alan: We the members of the Nevada delegation of Congress, strongly support bills S. 511 and H.R. 2856, to change the name of the Veteran's Hospital in Reno, Nevada, to the "Ioannis A. Lougaris Veteran's Administration Medical Center."

Not only does this legislation have the support of the entire Nevada delegation, there is also widespread community support. Organizations that have gone on the record supporting this measure include The American Legion (Department of Nevada and Darrel Dunkle Post No. 1), and Bruno Menicucci, former Mayor of the City of Reno.

Mr. Lougaris is an outstanding citizen of the State of Nevada and truly exemplifies the qualities of a leader. For these reasons, we think renaming the hospital is indeed a fitting tribute.

PAUL LAXALT,
U.S. Senator,
HOWARD CANNON,
U.S. Senator,
JIM SANTINI,
Member of Congress.

THE AMERICAN LEGION,
DEPARTMENT OF NEVADA,
Carson City, Nev., March 23, 1981.

Senator PAUL LAXALT,
Russell Building,
Washington, D.C.

DEAR SENATOR LAXALT: The American Legion, Department of Nevada passing by Resolution No. 15 in convention assembled in Reno, Nevada on the 15th day of July 1979 did endorse that the Veterans Administration Medical Center in Reno, Nevada be renamed the Ioannis A. Lougaris Medical Center.

Therefore, it is my honor to beseech you in the name of The American Legion, Department of Nevada to convey our endorsement to the Congress of the United States of America and to our President Ronald Reagan.

May God bless you and guide you in your decisions and counsels for the good of The United States of America.

For God and Country,

BILLY R. OAKES,
Commander.

THE AMERICAN LEGION,
Reno, Nev., March, 1981.

Mr. J. REINKEMEYER,
Care of Senator PAUL LAXALT,
Russell Office Building, Washington, D.C.

DEAR MR. REINKEMEYER: In reference to your request about Mr. I. A. Lougaris commonly known to us as Johnny.

This is concerning the bill S511 going to the Senate from Paul Laxalt on behalf of I. A. Lougaris in proposing the change of name of the Reno VA Hospital to the "I. A. Lougaris Medical Center."

In his resume you will notice that Johnny belonged to Darrel Dunkle Post No. 1, The American Legion, and then he transferred his membership to Capital Post No. 4 when moved to Carson City and he again transferred his membership to Darrell Dunkle Post No. 1 when he moved back to Reno.

When Mr. Lougaris went to Washington, D.C., to get the VA Hospital into Reno he spent a lot of his time and money for the trips.

At age 94 he is oldest practicing attorney in the State of Nevada and he is loved by his business friend as well as all Nevada Veterans.

Mr. Lougaris is well deserving of this honor for his work for the veterans by making sure that a hospital was here for them.

Sincerely yours,

GEORGE E. TARVER,
Commander.

THE AMERICAN LEGION,
Sparks, Nev., March 18, 1981.

Mr. J. R. REINKEMEYER,
Care of Senator PAUL LAXALT,
Russell Office Building, Washington, D.C.

DEAR MR. REINKEMEYER: This letter is in reference to naming the Reno VA Hospital after Mr. I. A. Lougaris as the "I. A. Lougaris Medical Center."

In July at our 1979 Department Convention held at the Darrell Dunkie Post No. 1 home in Reno; on the 15th of July the comvention passed resolution number 15 to name the hospital after Mr. Lougaris and a copy of the resolution was sent to each of our Congressional delegates in Washington D.C., as well as a copy of the Convention Proceedings to each one.

Each Memorial day at the services held at the VA Hospital, Mr. Lougaris is honored as the father of getting the VA Hospital in Reno at his own time and expense.

Each time that Mr. Lougaris is at veterans affair and the VA Hospital is mentioned he is given a standing ovation.

There is no other individual in Nevada that is more deserving of the honor than Mr. Lougaris.

Sincerely,

WALTER CHEEL,
Commander.

PROCLAMATION

Whereas, Ioannis A. Lougaris, better known as "John" to his friends and associate, was born in Greece ninety-two years ago on February 17th, 1887 and came to the United States in 1907, setting in Nevada in 1920; and

Whereas, John has been and outstanding business and also a devoted gentleman; and

Whereas, everyone who knows John on a business basis or just a social basis has learned to love him dearly for his integrity, honesty, love for the human race, character, loyalty, and, well just everything good a man can be; and

Whereas, John has made a special place in the hearts of business people, including above all, attorneys and secretaries, who have been in touch with him through the years in business transactions; and

Whereas, everyone will always think of John as a very outstanding Nevadan who worked his way up the hard way from childhood and reached the ultimate; and

Whereas, John Lougaris was instrumental in bringing about the Veterans' Hospital in Reno, Nevada; and

Whereas, Mr. Lougaris has achieved much more in his life than can be said of most of the human race, and that is, he can honestly say of himself . . . "I know myself";

Now, therefore, be it resolved by the people of the City of Reno, through this Proclamation, that they sincerely appreciate and praise the splendid person of Mr. Ioannis A. Lougaris and they also praise him for his devoted service to mankind throughout his life, including his efforts in bringing about the Veterans' Hospital in Reno, Nevada. We commend him for the success he has made of his life.

Dated at Reno, Nevada, this 15 day of February, 1979.

SUMMARY OF PROCEEDINGS OF THE SIXTY-FIRST ANNUAL CONVENTION OF THE AMERICAN LEGION DEPARTMENT OF NEVADA

Therefore be it resolved: By the American Legion, Department of Nevada in Convention assembled in Reno, Nevada, July 13, 14, 15, 1979, that the Commander of the Department of Nevada, American Legion appoint a committee of five (5) members to evaluate the feasibility of re-districting the entire department, and

Be it further resolved: That the Committee be instructed to present a recommendation regarding this possible re-assignment to the next Department Convention.

RESOLUTION NO. 15—NAMING RENO VA MEDICAL CENTER

Whereas, Ioannis A. Lougaris dedicated most of his life to the service of all war veterans in Nevada, and

Whereas, the Veterans Administration Medical Center in Reno, Nevada was established due to many years of his efforts, and

Whereas, The Veterans Administration during its bicentennial celebration acknowledges that the Veterans Administration Medical Center in Reno stands as a tribute to his dedicated services.

COMMENDATION

This certificate is awarded to I. A. Lougaris: Who over forty years ago had a dream—a dream to improve the service to veterans throughout the State of Nevada. Dreams are realized only when the dreamer is dedicated and concerned. The Reno

Veterans Administration Medical Facility stands as a tribute to his dedicated service. This commendation is presented with gratitude on behalf of the Veterans Administration and the veterans of Nevada.

Sincerely,

/s/ RICHARD L. ROUDEBUSH,
Administrator.

Now, therefore, The American Legion, Department of Nevada, in convention assembled July 13, 14, and 15, 1979 in Reno, Nevada endorse that the Veterans Administration Medical Center in Reno, Nevada be named Ioannis A. Lougaris Medical Center, and

Be it further resolved, That a copy of the resolution be transmitted to the congressional delegation to take all necessary means so that legislation be enacted to accomplish the purpose of this resolution.

All resolutions were passed with the exception of 6 and 7 which were rejected. Number 6 was tabled. No. 7 was tabled. A motion was made to take both of these resolutions off the table. It was seconded and passed. It was moved the adoption of Resolution Number 6. It was seconded. It was voted down. Moved that Resolution Number 7 be adopted. It was seconded. It was voted down.

1st Vice Commander Henry Ofenloch was given the gavel to preside.

Membership pre roll call for 1980 cards by Department Adjutant. 320 cards already turned in.

Joseph P. Wagner, spoke on National Paid up for life membership. Needs clarifying. Department Adjutant has forms if you wish to see them. Various Posts spoke on their special Post plans.

Comrade Pardy spoke in favor of the Department Adjutant getting a raise plus a helper. Motion made, seconded and carried that the by-laws be amended to read the maximum salary for Adjutant be 2400.

Henry Ofenloch spoke on Baseball. Better control is needed. George Holden made a motion that the Baseball chairman make a report at the next DEC following the one today, or the program would be cancelled, and that the Executive committee look into this. Motion seconded and carried.

Installation of new officers for 1970-80: Installing officer is Charles F. Langel, Jr., Past Commander, Joe Romaine presented the Commanders pin to Henry Ofenloch.

Chuck Langel presented a Past Commanders Pin to Joe Romaine.

The colors were retired and prayer given.

Commander Joe Romaine declared the 61st department Convention adjourned.

DEPARTMENT OF NEVADA,
June 30, 1981.

Senator PAUL LAXALT,
Russell Office Building,
Washington, D.C.

DEAR SENATOR LAXALT: Enclosed is a copy of a resolution passed on the Department convention floor at our 47th annual Department Convention, Department of Nevada, Veterans of Foreign Wars, held recently in Elko, Nevada.

The members voted overwhelmingly in support of this resolution. We feel this should express our feelings on this matter.

Any assistance you can give us to get Senate Bill 511 approved will be greatly appreciated.

We remain,

Yours in comradeship,

JOHN J. RETTAGLIATA,
Commander,
CLEMENT TAYS,
Commander.

RESOLUTION NEVADA NO. 1—NAME THE VETERANS HOSPITAL IN RENO THE I. A. IAGARIS VETERANS HOSPITAL

Whereas, the Veterans' Administration Hospital in Reno has had extensive renovation and additions; and

Whereas, this installation has only the name "Veterans Hospital" which is lacking in description or singularity; and

Whereas, I. A. Iagaris was a great community leader and contributed significantly to the initial establishment of the Veterans Hospital in Reno; now therefore

Be it resolved, by the Department of Nevada, that the congressional representatives of Nevada be memorialized by the Department of Nevada to push aggressively for approval of Senate Bill 511, now in committee, which accomplishes the naming of the Veterans Hospital, Reno, as the I. A. Iagaris Veterans Hospital.

The **Presiding Officer**. the question is on agreeing to the committee amendment.

The committee amendment as amended, was agreed to.

The **Presiding Officer**. If there be no further amendments, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and to be read a third time, was read the third time and passed.

Mr. **Baker**. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. **Robert** C. **Byrd**. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The title was amended so as to read:

A bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment plans; to increase the maximum amount payable in Veterans' Administration specially adapted housing assistance; to expand eligibility for memorial markers; and for other purposes.

APPENDIX D

[Excerpts from the Congressional Record, Vol. 127, No. 139, pp. S10972-S10990—Senate, Oct. 1, 1981]

Veterans' Compensation Amendments of 1981

Mr. **Baker**. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 917.

The **Presiding Officer** laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 917) entitled "An Act to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment plans; to increase the maximum amount payable in Veterans' Administration specially adapted housing assistance; to expand eligibility for memorial markers; and the other purposes", do pass with the following amendments:

Strike out all after the enacting clause, and insert: That (a) this Act may be cited as the "Veterans' Compensation Amendments of 1981".

(b) Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—VETERANS' DISABILITY COMPENSATION BENEFITS

RATES OF DISABILITY COMPENSATION

Sec. 101. (a) Section 314 is amended—

(1) by striking out "$54" in subsection (a) and inserting in lieu thereof "$58";

(2) by striking out "$99" in subsection (b) and inserting in lieu thereof "$109";

(3) by striking out "$150" in subsection (c) and inserting in lieu thereof "$165";

(4) by striking out "$206" in subsection (d) and inserting in lieu thereof "$229";

(5) by striking out "$291" in subsection (e) and inserting in lieu thereof "$325";

(6) by striking out "$367" in subsection (f) and inserting in lieu thereof "$415";

(7) by striking out "$434" in subsection (g) and inserting in lieu thereof "$505";

(8) by striking out "$503" in subsection (h) and inserting in lieu thereof "$595";

(9) by striking out "$566" in subsection (i) and inserting in lieu thereof "$680";

(10) by striking out "$1,016" in subsection (j) and inserting in lieu thereof "$1,131";

(11) by striking out "$1,262" and "$1,768" in subsection (k) and inserting in lieu thereof "$1,405" and "$1,968", respectively;

(12) by striking out "$1,262" in subsection (l) and inserting in lieu thereof "$1,405";

(13) by striking out "$1,391" in subsection (m) and inserting in lieu thereof "$1,548";

(14) by striking out "$1,581" in subsection (n) and inserting in lieu thereof "$1,760";

(15) by striking out "$1,768" each place it appears in subsections (o) and (p) and inserting in lieu thereof "$1,968";

(16) by striking out "$759" and "$1,130" in subsection (r) and inserting in lieu thereof "$845" and "$1,258", respectively;

(17) by striking out "$1,137" in subsection (s) and inserting in lieu thereof "$1,265", and

(18) by striking out "$219" in subsection (t) and inserting in lieu thereof "$244".

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

RATES OF ADDITIONAL COMPENSATION FOR DEPENDENTS

SEC. 102. Section 315(1) is amended—

(1) by striking out "$62" in clause (A) and inserting in lieu thereof "$69";

(2) by striking out "$104" in clause (B) and inserting in lieu thereof "$116";

(3) by striking out "$138" in clause (C) and inserting in lieu thereof "$154";

(4) by striking out "$173" and "$34" in clause (D) and inserting in lieu thereof "$193" and "$38", respectively.

(5) by striking out "$42" in clause (E) and inserting in lieu thereof "$47";

(6) by striking out "$77" in clause (F) and inserting in lieu thereof "$86";

(7) by striking out "$111" and "$34" in clause (G) and inserting in lieu thereof "$124" and "$38", respectively.

(8) by striking out "$50" in clause (H) and inserting in lieu thereof "$56";

(9) by striking out "$112" in clause (I) and inserting in lieu thereof "$125"; and

(10) by striking out "$94" in clause (J) and inserting in lieu thereof "$105".

CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS

SEC. 103. Section 362 is amended by striking out "$274" and inserting in lieu thereof "$305".

TITLE II—SURVIVORS' DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS

RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES

SEC. 201. (a) Subsection (a) of section 411 is amended to read as follows:

"(a) Dependency and indemnity compensation shall be paid to a surviving spouse, based on the pay grade of the person upon whose death entitlement is predicated, at monthly rates set forth in the following table:

"*Pay grade*	*Monthly rate*	*Pay grade*	*Monthly rate*
E-1	$415	W-4	$595
E-2	429	O-1	525
E-3	439	O-2	542
E-4	466	O-3	581
E-5	480	O-4	613
E-6	491	O-5	677
E-7	514	O-6	761
E-8	542	O-7	825
E-9	[1] 568	O-8	904
W-1	525	O-9	971
W-2	546	O-10	[2] 1,062
W-3	562		

"[1] If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $611.

[2] If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,139.".

(b) Subsection (b) of such section is amended by striking out "$43" and inserting in lieu thereof "$48".

(c) Subsection (c) of such section is amended by striking out "$112" and inserting in lieu thereof "$125".

(d) Subsection (d) of such section is amended by striking out "$56" and inserting in lieu thereof "$62".

RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

SEC. 202. Section 413 is amended—

(1) by striking out "$189" in clause (1) and inserting in lieu thereof "$210";

(2) by striking out "$271" in clause (2) and inserting in lieu thereof "$302";

(3) by striking out "$350" in clause (3) and inserting in lieu thereof "$390"; and

(4) by striking out "$350" and "$71" in clause (4) and inserting in lieu thereof "$390" and "$79", respectively.

RATES OF SUPPLEMENTAL DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

Sec. 203. Section 414 is amended—

(1) by striking out "$112" in subsection (a) and inserting in lieu thereof "$125";

(2) by striking out "$189" in subsection (b) and inserting in lieu thereof "$210"; and

(3) by striking out "$96" in subsection (c) and inserting in lieu thereof "$107".

MISCELLANEOUS DEPENDENCY AND INDEMNITY COMPENSATION AMENDMENTS

Sec. 204. (a) Section 413 is amended by inserting "(a)" before "Whenever", and by adding at the end thereof the following new subsection:

"(b) If dependency and indemnity compensation has been awarded under this section to a veteran's child or children and the entitlement of an additional child of that veteran to dependency and indemnity compensation under this section is later established effective retroactively, the amount payable retroactively to the additional child is the amount equal to the difference between the total of the increased award for the retroactive period and the prior total award for that period.".

(b) Section 414(c) is amended by adding at the end thereof the following new sentence: "However, if during the month in which such a child attains the age of 18 the child is also being considered to be a child below the age of 18 for purposes of additional dependency and indemnity compensation for a surviving spouse under section 411(b) of this title, the amount payable to the child for that month under this section shall be reduced by the amount payable to the surviving spouse for the same month under such section that is attributable the child.".

TITLE III—LIFE INSURANCE PROGRAM AMENDMENTS

INCREASE IN MAXIMUM AMOUNTS OF LIFE INSURANCE

Sec. 301. (a) Section 767 is amended—

(1) in subsection (a)—

(A) by striking out "$20,000" and inserting in lieu thereof "$35,000"; and

(B) by inserting "$30,000, $25,000, $20,000" after "or (B) to be insured in the amount of";

(2) in subsection (c)—

(A) by inserting "$30,000, $25,000, $20,000" after "or to be insured in the amount of"; and

(B) by inserting "$35,000, $30,000, $25,000" after "or insured in the amount of"; and

(3) by adding at the end of such section the following new subsection:

"(d) Notwithstanding any other provision of this section, any member who on the effective date of this subsection is a member of the Retired Reserve of a uniformed service (or who upon application would be eligible for transfer to the Retired Reserve of a uniformed service) may obtain increased insurance coverage up to a maximum of $35,000 (in any amount divisible by $5,000) if—

"(1) the member—

"(A) is insured under this subchapter on the effective date of this subsection; or

"(B) within one year after the effective date of this subsection, reinstates insurance under subchapter that had lapsed for nonpayment of premiums; and

"(2) the member submits a written application for the increased coverage to the office established pursuant to section 766(b) of this title within one year after the effective date of this subsection.".

(b) Section 777(a) is amended—

(1) by striking out "or $20,000" in the first sentence and inserting in lieu thereof "20,000, $25,000, $30,000, or $35,000";

(2) by striking out "$20,000" in the second sentence and inserting in lieu thereof "$35,000"; and

(3) by striking out "$20,000" both places it appears in the fourth sentence and inserting in lieu thereof "$35,000".

COLLECTION OF AMOUNTS FOR SERVICEMEN'S GROUP LIFE INSURANCE PROGRAM

SEC. 302. Section 769 is amended by adding at the end the following new subsection:

"(f) The Secretary of Defense shall prescribe regulations for the administration of the functions of the Secretaries of the military departments under this section. Such regulations shall prescribe such procedures as the Secretary of Defense, after consultation with the Administrator, may consider necessary to ensure that such functions are carried out in a timely and complete manner and in accordance with the provisions of this section, including specifically the provisions of subsection (a)(2) of this section relating to contributions from appropriations made for active duty pay.".

BENEFICIARY'S RIGHT TO ELECT ONE-SUM PAYMENT

SEC. 303. (a) The second sentence of section 717(c) is amended to read as follows: "However, the first beneficiary may elect to receive payment under any option which provides for payment over a longer period of time than the option elected by the insured, or if no option has been elected by the insured, may elect to receive payment in one sum or under any option which provides for payment over a period of thirty-six months or any longer period.".

(b) Section 752(a) is amended—

(1) by inserting "in one sum or" in the second sentence after "payment of the insurance"; and

(2) by adding at the end the following new sentence: "Notwithstanding any provision to the contrary in any insurance contract, the beneficiary may, in any case in which the insured has not exercised the right of election of the insured as provided in this subchapter, elect to receive payment of the insurance in one sum.".

(c) The Administrator of Veterans' Affairs shall notify each individual who on the date of the enactment of this Act is insured under a National Service Life Insurance policy or a United States Government Life Insurance policy of the amendments made by this section and shall provide each such individual with the forms necessary for election of a mode of payment of the insurance (or to change an existing election of mode of payment). Such notice and forms shall be sent by regular mail to the individual's last known address as contained in insurance records of the Veterans' Administration.

(d) The amendments made by subsections (a) and (b) shall apply only to insurance maturing after March 31, 1982.

TITLE IV—MISCELLANEOUS PROVISIONS

VETERANS' ADMINISTRATION ORGANIZATION AND STAFFING LEVELS

SEC. 401. (a)(1) Section 203 is amended to read as follows:

"§ 203. Availability of appropriations and of funded personnel ceilings

"(a) Any funds appropriated to the Veterans' Administration may, to the extent provided in this title or an appropriations Act, remain available until expended.

"(b)(1) With respect to each law making appropriations for the Veterans' Administration, there shall be provided to the Veterans' Administration the funded personnel ceiling defined in paragraph (4) of this subsection and the funds appropriated therefor.

"(2) In order to carry out the provisions of paragraph (1) of this subsection, the Director of the Office of Management and Budget shall, with respect to each such law (A) provide to the Veterans' Administration for the fiscal year concerned such funded personnel ceiling and the funds necessary to achieve such ceiling, and (B) submit to the appropriate committee of the Congress and to the Comptroller General of the United States certification that the Director has so provided such ceiling. Not later than the thirtieth day after the enactment of such a law or, in the event of the enactment of such a law more than thirty days before the fiscal year for which such law makes such appropriations, not later than the tenth day of such fiscal year, the certification required in the first sentence of this paragraph shall be submitted, together with a report containing complete information on the personnel ceiling that the Director has provided to the Veterans' Administration for the employees described in paragraph (4) of this subsection.

"(3) Not later than the forty-fifth day after the enactment of each such law, the Comptroller General shall submit to the appropriate committees of the Congress a report stating the Comptroller General's opinion as to whether the Director of the Office of Management and Budget has complied with the requirements of such paragraph in providing to the Veterans’ Administration such funded personnel ceiling.

“(4) For the purposes of this subsection, the term ‘funded personnel ceiling’ means, with respect to any fiscal year, the authorization by the Director of the Office of Management and Budget to employ not less than the number of employees for the employment of which appropriations have been made for such fiscal year.”.

(2) The item relating to such section in the table of sections at the beginning of chapter 3 is amended to read as follows:

“203. Availability of appropriations and of funded personnel ceilings.”.

(b) Section 210(b) is amended—

(1) by inserting “(1) after “(b)”; and

(2) by adding at the end the following:

“(2)(A) Except as provided in subparagraph (B) of this paragraph, any exercise by the Administrator of the authority granted under the second sentence of paragraph (1) of this section shall only be effective if (1) a plan describing the proposed exercise of authority, including a justification therefor, is submitted to the Congress, and (ii) before the end of the sixty-day period beginning on the date of such submittal neither House of Congress adopts a resolution stating in substance that it disapproves the proposed exercise of authority.

“(B) This paragraph shall not apply (i) to administrative reorganizations within any bureau, agency, or office of the Veterans’ Administration that existed on the date of the enactment of this paragraph, or (ii) to any exercise of authority that involves a reduction of less than 10 percent in any fiscal year in the number of full-time equivalent employees at any Veterans’ Administration office of facility.

“(C) There shall be excluded from the computation of the sixty-day period referred to in subparagraph (A) of this paragraph any day on which either House of Congress is not in session because of an adjournment of more than three days to a day certain or an adjournment of the Congress sine die.”.

(c) Section 5010(a) is amended by striking out paragraph (4).

BAR TO BENEFITS

SEC. 402. (a) Section 3103 is amended by adding at the end thereof the following new subsection:

“(f)(1) Subject to paragraph (2) of this subsection and notwithstanding section 977 of title 10 or any other provision of law, any person who becomes a member of a uniformed service on or after the date of the enactment of the Veterans’ Compensation Amendments of 1981 and who fails to complete at least twenty-four months of such person’s initial period of enlistment or other period of obligated service is not eligible for any right, privilege, or benefit under any law administered by the Veterans’ Administration (other than loan guaranty benefits by virtue of eligibility under section 1818(a)(2) of this title).

“(2) Paragraph (1) of this subsection does not apply to any person—

“(A) who is discharged or released from active duty for the convenience of the Government under section 1171 of title 10 or for hardship under section 1173 of title 10:

“(B) who is discharged or released from active duty for a disability incurred in line of duty; or

“(C) who has a disability determined to be service connected to a compensable degree.”.

“(b)(1) Chapter 17 is amended by inserting after section 602 the following new section:

“§ 603. Limitations on eligibility

“Eligibility for care and services under this chapter is subject to the provisions of section 3103 of this title.”.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 602 the following new item:

“603. Limitations on eligibility.”.

(c)(1) Chapter 23 is amended by adding at the end the following new section:

“§ 909. “Limitations on eligibility

“Eligibility for benefits under this chapter is subject to the provisions of section 3103 of this title.”.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"909. Limitations on eligibility.".

(d)(1) Chapter 24 is amended by adding at the end the following new section:

"§ 1009. Limitations on eligibility

"Eligibility for benefits under this chapter is subject to the provisions of section 3103 of this title.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"1009. Limitations on eligibility.".

(e) Section 1625 is amended by inserting "or under conditions which under section 3103 of this title bar the use of benefits" after "under dishonorable conditions".

(f) Section 1818 is amended by adding at the end the following new subsection:

"(c) In addition to the requirements of subsection (a)(1), the eligibility of a veteran who became a member of the uniformed services on or after the date of the enactment of the Veterans' Compensation Amendments of 1981 and has been discharged or released from active duty is subject to the provisions of section 3103(f) of this title.".

PRESERVATION OF PENSION OF CERTAIN BLINDED VETERANS

SEC. 403. Section 3203(a)(1)(B) is amended by striking out the period at the end and inserting in lieu thereof the following "unless the veteran is a blinded person and the case is being furnished in a Veterans' Administration blind rehabilitation center or clinic.".

EFFECTIVE DATES

SEC. 404. (a) Except as provided in subsection (b), the amendments made by this Act shall take effect on October 1, 1981.

(b)(1) Subsection (d) of section 767 of title 38, United States Code, as added by section 301(a)(3), shall take effect on October 1, 1981, or on the first day of the first month beginning more than sixty days after the date of the enactment of this Act, whichever is later.

(2) The amendment made by section 402 shall take effect on the date of the enactment of this Act.

Amend the title so as to read: "An Act to amend title 38, United States Code, to provide a cost-of-living increase in the rates of disability compensation for disabled veterans and in the rates of dependency and indemnity compensation for survivors of disabled veterans, and for other purposes.".

The Senate proceeded to consider the bill (S. 917).

UP AMENDMENT NO. 462

Mr. BAKER. Mr. President, I send an amendment to the desk on behalf of Senators Simpson and Cranston.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. Baker), for Mr. Simpson and Mr. Cranston, proposes an unprinted amendment numbered 462.

Mr. BAKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the matter proposed to be inserted by the House amendment to the text of the bill, insert the following:

SHORT TITLE; AMENDMENTS TO TITLE 38, UNITED STATES CODE

SECTION 1. (a) This Act may be cited as the "Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981".

(b) Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repel of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—VETERANS' DISABILITY COMPENSATION BENEFITS

INCREASES IN RATES OF DISABILITY COMPENSATION

SEC. 101. (a) Section 314 is amended—

(1) by striking out "$54" in subsection (a) and inserting in lieu thereof "$58";

(2) by striking out "$99" in subsection (b) and inserting in lieu thereof "$107";

(3) by striking out "$150" in subsection (c) and inserting in lieu thereof "$162";

(4) by striking out "$206" in subsection (d) and inserting in lieu thereof "$232";

(5) by striking out "$271" in subsection (e) and inserting in lieu thereof "$328";

(6) by striking out "$367" in subsection (f) and inserting in lieu thereof "$413";

(7) by striking out "$434" in subsection (g) and inserting in lieu thereof "$520";

(8) by striking out "$503" in subsection (h) and inserting in lieu thereof "$604";

(9) by striking out "$566" in subsection (i) and inserting in lieu thereof "$679";

(10) by striking out "$1,016" in subsection (j) and inserting in lieu thereof "$1,130";

(11) by striking out "$1,262" and "$1,768" in subsection (k) and inserting in lieu thereof "$1,403" and "$1,966", respectively;

(12) by striking out "$1,262" in subsection (l) and inserting in lieu thereof "$1,403";

(13) by striking out "$1,391" in subsection (m) and inserting in lieu thereof "$1,547";

(14) by striking out "$1,581" in subsection (n) and inserting in lieu thereof "$1,758";

(15) by striking out "$1,768" each place it appears in subsections (o) and (p) and inserting in lieu thereof "$1,966";

(16) by striking out "$759" and "$1,130" in subsection (r) and inserting in lieu thereof "$844" and "$1,257", respectively;

(17) by striking out "$1,137" in subsection (s) and inserting in lieu thereof "$1,264"; and

(18) by striking out "$219" in subsection (t) and inserting in lieu thereof "$244".

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

INCREASES IN RATES OF ADDITIONAL COMPENSATION FOR DEPENDENTS

SEC. 102. Section 315(l) is amended—

(1) by striking out "$62" in clause (A) and inserting in lieu thereof "$69";

(2) by striking out "$104" in clause (B) and inserting in lieu thereof "$116";

(3) by striking out "$138" in clause (C) and inserting in lieu thereof "$153";

(4) by striking out "$173" and "$34" in clause (D) and inserting in lieu thereof "$192" and "$38, respectively;

(5) by striking out "$42" in clause (E) and inserting in lieu thereof "$47";

(6) by striking out "$77" in clause (F) and inserting in lieu thereof "$86";

(7) by striking out "$111" and "$34" in clause (G) and inserting in lieu thereof "$123" and "$38, respectively;

(8) by striking out "$50" in clause (H) and inserting in lieu thereof "$56";

(9) by striking out "$112" in clause (I) and inserting in lieu thereof "$125"; and

(10) by striking out "$94" in clause (J) and inserting in lieu thereof "$105".

INCREASES IN CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS

SEC. 103. Section 362 is amended by striking out "$274" and inserting in lieu thereof "$305".

INCREASE IN COMPENSATION PAYABLE TO CERTAIN SEVERELY DISABLED VETERANS

SEC. 104. Section 314 is amended—

(1) in subsection (l), by striking out "both hands, or";

(2) in subsection (m), by striking out "two extremities at a level, or with complications, preventing natural elbow or knee action with prosthesis" and inserting in lieu thereof "both hands, or of both legs at a level, or with complications, preventing natural knee action with prostheses in place, or of

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one arm and one leg at levels, or with complications, preventing natural elbow and knee action with prostheses";

(3) in subsection (n), by striking out "of two extremities so near the shoulder or hip as to prevent the use of a prosthetic appliance" and inserting in lieu thereof "or loss of use of both arms at levels, or with complications, preventing natural elbow action with prostheses in place, has suffered the anatomical loss of both legs so near the hip as to prevent the use of prosthetic appliances, or has suffered the anatomical loss of one arm and one leg so near the shoulder and hip as to prevent the use of prosthetic appliances,"; and

(4) in subsection (o), by inserting "or if the veteran has suffered the anatomical loss of both arms so near the shoulder as to prevent the use of prosthetic appliances," after "less.".

TITLE II—SURVIVORS' DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS

INCREASES IN RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES

Sec. 201. (a) Subsection (a) of section 411 is amended to read as follows:

"(a) Dependency and indemnity compensation shall be paid to a surviving spouse, based on the pay grade of the person upon whose death entitlement is predicated, at monthly rates set forth in the following table:

"*Pay grade*	*Monthly rate*	*Pay grade*	*Monthly rate*
E-1	$415	W-4	595
E-2	428	O-1	525
E-3	438	O-2	542
E-4	466	O-3	580
E-5	479	O-4	613
E-6	490	O-5	676
E-7	514	O-6	761
E-8	542	O-7	824
E-9	[1]567	O-8	903
W-1	525	O-9	970
W-2	546	O-10	[2]1,061
W-3	562		

"[1] If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $610.

"[2] If the veteran served as Chairman of the Joint Chiefs of Staffs, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,138.".

(b) Subsection (b) of such section is amended by striking out "$43" and inserting in lieu thereof "$48".

(c) Subsection (c) of such section is amended by striking out "$112" and inserting in lieu thereof "$125".

(d) Subsection (d) of such section is amended by striking out "$56" and inserting in lieu thereof "$62".

RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

Sec. 202. Section 413 is amended—

(1) by striking out "$189" in clause (1) and inserting in lieu thereof "$210";

(2) by striking out "$271" in clause (2) and inserting in lieu thereof "$301";

(3) by striking out "$350" in clause (3) and inserting in lieu thereof "$389"; and

(4) by striking out "$350" and "$71" in clause (4) and inserting in lieu thereof "$389" and "79", respectively.

INCREASES IN RATES OF SUPPLEMENTAL DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

Sec. 203. Section 414 is amended—

(1) by striking out "$112" in subsection (a) and inserting in lieu thereof "$125";

(2) by striking out "$189" in subsection (b) and inserting in lieu thereof "$210"; and

(3) by striking out "$96" in subsection (c) and inserting in lieu thereof "$107".

MISCELLANEOUS DEPENDENCY AND INDEMNITY COMPENSATION AMENDMENTS

SEC. 204. (a) Section 413 is amended by inserting "(a)" before "Whenever", and by adding at the end the following new subsection:

"(b) If dependency and indemnity compensation has been awarded under this section to a veteran's child or children and the entitlement to dependency and indemnity compensation under this section of an additional child of that veteran who is over the age of eighteen years and who had previously been entitled to dependency and indemnity compensation under this section before becoming eighteen years of age is later reestablished effective retroactively upon determination that such child is pursuing a course of instruction at an approved educational institution, the amount payable retroactively to the additional child is the amount equal to the difference between the total of the increased award payable under this section to the children of the deceased veteran for the retroactive period and the prior total award for such purpose for that period.".

(b) Section 3010(e) is amended—

(1) by striking out "The" and inserting in lieu thereof "(1) Except as provided in paragraph (2) of this subsection, the"; and

(2) by adding at the end the following new paragraph:

"(2) In the case of a child who is eighteen years of age or over and who immediately before becoming eighteen years of age was counted under section 411(b) of this title in determining the amount of the dependency and indemnity compensation of a surviving spouse, the effective date of an award of dependency and indemnity compensation to such child shall be the date the child attains the age of eighteen years if application therefor is received within one year from such date.".

TITLE III—AUTOMOBILE ASSISTANCE AND ADAPTIVE EQUIPMENT

INCREASE IN AUTOMOBILE ASSISTANCE AMOUNT

SEC. 301. Section 1902(a) is amended by striking out "$3,800" and inserting in lieu thereof "$4,400".

EXTENSION OF ELIGIBILITY FOR ADAPTIVE EQUIPMENT ASSISTANCE

SEC. 302. Section 1902(b) is amended—

(1) by inserting "(1)" before "The"; and

(2) by adding at the end the following new paragraph:

"(2) In the case of any veteran (other than a person eligible for assistance under paragraph (1) of this subsection) who is entitled to compensation for ankylosis of one or both knees, or one or both hips, the Administrator, under the terms and conditions set forth in subsections (a), (c), and (d) of section 1903 of this title and under regulations which the Administrator shall prescribe, shall provide such adaptive equipment to overcome the disability resulting from such ankylosis as (A) is necessary to meet the applicable standards of licensure established by the State of such veteran's residency or other proper licensing authority for the operation of such veteran's automobile or other conveyance by such veteran, and (B) is determined to be necessary by the Chief Medical Director for the safe operation of such automobile or other conveyance by such veteran.".

TECHNICAL AMENDMENTS

SEC. 303. Sections 1902 and 1903(b) are amended by striking out "he" each place it appears and inserting in lieu thereof "the Administrator" and by striking out "his" each place it appears and inserting in lieu thereof "such person's".

TITLE IV—LIFE INSURANCE PROGRAM AMENDMENTS

INCREASES IN MAXIMUM AMOUNTS OF LIFE INSURANCE

SEC. 401. (a) Section 767 is amended—

(1) in subsection (a)—

(A) by striking out "$20,000" and inserting in lieu thereof "$35,000"; and

(B) by inserting "$30,000, $25,000, $20,000" after "or (B) to be insured in the amount of";

(2) in subsection (c)—

(A) by inserting "$30,000, $25,000, $20,000" after "or to be insured in the amount of"; and

(B) by inserting "$35,000, $30,000, $25,000" after "or insured in the amount of"; and

(3) by adding at the end of such section the following new subsection:

"(d) Notwithstanding any other provision of this section, any member who on the effective date of this subsection is a member of the Retired Reserve of a uniformed service (or who upon application would be eligible for assignment to the Retired Reserve of a uniformed service) may obtain increased insurance coverage up to a maximum of $35,000 (in any amount divisible by $5,000) if—

"(1) the member—

"(A) is insured under this subchapter on the effective date of this subsection; or

"(B) within one year after the effective date of this subsection, reinstates insurance under this subchapter that had lapsed for nonpayment of premiums; and

"(2) the member submits a written application for the increased coverage to the office established pursuant to section 766(b) of this title within one year after the effective date of this subsection.".

(b) Section 777(a) is amended—

(1) by striking out "or $20,000" in the first sentence and inserting in lieu thereof "$20,000, $25,000, $30,000, or $35,000";

(2) by striking out "$20,000" in the second sentence and inserting in lieu thereof "$35,000"; and

(3) by striking out "$20,000" both places it appears in the fourth sentence and inserting in lieu thereof "$35,000".

COLLECTION OF AMOUNTS FOR SERVICEMEN'S GROUP LIFE INSURANCE

SEC. 402. Section 769 is amended by adding at the end the following new subsection:

"(f) The Secretary of Defense shall prescribe regulations for the administration of the functions of the Secretaries of the military departments under this section. Such regulations shall prescribe such procedures as the Secretary of Defense, after consultation with the Administrator, may consider necessary to ensure that such functions are carried out in a timely and complete manner and in accordance with the provisions of subsection (a)(2) of this section relating to contributions from appropriations made from active duty pay.".

BENEFICIARY'S RIGHT TO ELECT ONE-SUM PAYMENT

SEC. 403. (a) Section 717(c) is amended—

(1) by striking out "Unless" in the first sentence and inserting in lieu thereof "Except as provided in the second and third sentences of this subsection, unless"; and

(2) by inserting the following new sentence after the second sentence: "In the case of insurance maturing after September 30, 1981, and for which no option has been elected by the insured, the first beneficiary may elect to receive payment in one sum.".

(b) Section 752(a) is amended by adding at the end the following new sentence: "Notwithstanding any provision to the contrary in any insurance contract, the beneficiary may, in the case of insurance maturing after September 30, 1981, and for which the insured has not exercised the right of election of the insured as provided in this subchapter, elect to receive payment of the insurance in one sum.".

TITLE V—VETERANS' ADMINISTRATION HOUSING BENEFITS

ESTABLISHMENT OF GRADUATED-PAYMENT PLANS IN VETERANS' ADMINISTRATION LOAN GUARANTY PROGRAM

SEC. 501. (a) Section 1803(d)(2) is amended—

(1) by inserting "(A)" after "(2)"; and

(2) by adding at the end the following new subparagraphs:

"(B) The Administrator may guarantee loans with provisions for various rates of amortization corresponding to anticipated variations in family income. With respect to any loan guaranteed under this subparagraph—

"(i) the initial principal amount of the loan may not exceed the reasonable value of the property as of the time the loan is made; and "(ii) the principal amount of the loan thereafter (including the amount of all interest to be deferred and added to principal) may not at any time be scheduled to exceed the projected value of the property.

"(C) For the purposes of subparagraph (B) of this paragraph, the projected value of the property shall be calculated by the Administrator by increasing the reasonable value of the property as of the time the loan is made at a rate not in excess of 2.5 percent per year, but in no event may the projected value of the property for the purposes of such subparagraph exceed 115 percent of such reasonable value. A loan made for a purpose other than the acquisition of a purpose other than the acquisition of a single-family dwelling unit may not be guaranteed under such subparagraph.".

(b) Section 1826 is amended—

(1) by inserting "(1)" after "constitution or law"; and

(2) by inserting "(2)" restricting the manner of calculating such interest (including prohibition of the charging of interest on interest), or (3) requiring a minimum amortization of principal," after "lender,".

INCREASE IN MAXIMUM AMOUNTS OF SPECIALLY ADAPTED HOUSING ASSISTANCE

SEC. 502. Section 802 is amended—

(1) in subsection (a)—

(A) by striking out "$30,000" and inserting in lieu thereof "$32,5000,"

(B) by striking out "him" each place it appears and inserting in lieu thereof "such veteran"; and

(C) by striking out "his" in clause (3) and inserting in lieu thereof "such veteran's"; and

(2) by striking out "section 804(b)(2)" in subsection (b) and inserting in lieu thereof "section 804(b)".

EXTENSIONS OF MAXIMUM TERMS OF GUARANTEED LOANS FOR MOBILE-HOME PURCHASES

SEC. 503. Paragraph (1) of section 1819(d) is amended to read as follows:

"(1) The maturity of any loan guaranteed under this section shall not be more than—

"(A) fifteen years and thirty-two days, in the case of a loan for the purchase of a lot;

"(B) twenty years and thirty-two days, in the case of a loan for the purchase of—

"(i) a single-wide mobile home; or

"(ii) a single-wide mobile home and a lot;

"(C) twenty-three years and thirty-two days, in the case of a loan for the purchase of a double-wide mobile home; or

"(D) twenty-five years and thirty-two days, in the case of a loan for the purchase of a double-wide mobile home and a lot.".

TECHNICAL AMENDMENTS

SEC. 504. Section 1826 is amended—

(1) by striking out subsection (a); and

(2) by striking out "(b)".

TITLE VI—MISCELLANEOUS PROVISIONS

VETERANS' ADMINISTRATION ADMINISTRATIVE REORGANIZATIONS; REQUIRED STAFFING LEVEL AUTHORITIES

SEC. 601. (a)(1) Section 210(b) is amended—

(A) by inserting "(1)" after "(b)"; and

(B) by adding at the end the following new paragraph:

"(2)(A) The Administrator may not in any fiscal year implement an administrative reorganization described in subparagraph (B) of this paragraph unless the Administrator first submits to the appropriate committees of the Congress a report containing a detailed plan and justification for the administrative reorganization. Any such report shall be submitted not later than the day on which the President, pursuant to section 201(a) of the Budget and Accounting Acts, 1921 (31 U.S.C. 11(a)), submits to the Congress the Budget for the fiscal year in which the administrative reorganization is to be implemented. No action to carry out such reorganization may be taken after the submission of such report until the first day of such fiscal year.

"(B) Subparagraph (A) of this paragraph applies only to an administrative reorganization within the Veterans' Administration that involves a reduction during any fiscal year in the number of full-time equivalent employees with permanent duty stations at a covered office or facility—

"(i) by 10 percent or more, or

"(ii) by a percent which, when added to the percent reduction under this subsection in the number of such employee with permanent duty stations at such office or facility during the preceding fiscal year, is 15 percent or more.

"(C) For the purposes of this paragraph—

"(i) The term 'administrative reorganization' means a consolidation, elimination, abolition, or redistribution of functions under the authority granted the Administrator under the second sentence of paragraph (1) of this subsection.

"(ii) The term 'covered office or faculty' means a Veterans' Administration office or facility that is the permanent duty station for 25 or more employees or that is a free-standing outpatient clinic.".

(2) Paragraph (2) of section 210(b) of title 38, United States Code, as added by paragraph (1), does not apply to an administrative reorganization (as defined in such paragraph (2)) that is fully accomplished before the date of the enactment of this Act.

(b) Section 5010(a) is amended—

(1) in paragraph (4)—

(A) by inserting "for any fiscal year (or any part of a fiscal year)" in subparagraph (A) after "for the Veterans' Administration"; and

(B) By inserting "(or part of a fiscal year)" after "fiscal year" the first place it appears in subparagraph (B) and both places it appears in subparagraph (D); and

(2) by adding at the end the following new paragraph:

"(5) Notwithstanding any other provision of this title or of any other law, funds appropriated for the Veterans' Administration under the appropriation accounts for medical care, medical and prosthetic research, and medical administration and miscellaneous operating expenses may not be used for, and no employee compensated from such funds may carry out any activity in connection with, the conduct of any study comparing the cost of the provision by private contractors with the cost of the provision by the Veterans' Administration of commercial or industrial products and services for the Department of Medicine and Surgery unless such funds have been specifically appropriated for that purpose.".

CONTINUED PAYMENT OF PENSION TO CERTAIN HOSPITALIZED VETERANS UNDERGOING A PRESCRIBED PROGRAM OF REHABILITATION

SEC. 602. Paragraph (1) of section 3203(a) is amended—

(1) by striking out "Where" in subparagraph (B) and inserting in lieu thereof "Except as provided in subparagraph (D) of this paragraph, where"; and

(2) by adding at the end of the following new subparagraph:

"(D) In the case of a veteran being furnished hospital or nursing home care by the Veterans' Administration and with respect to whom subparagraph (B) of this paragraph requires a reduction in pension, such reduction shall not be made for a period of up to three additional calendar months after the last day of the third month referred to in such subparagraph if the Administrator determines that the primary purpose for the furnishing of such care during such additional period is for the Veterans' Administration to provide such veteran with a prescribed program of rehabilitation services, under chapter 17 of this title, designed to restore such veteran's ability to function within such veteran's family and community. If the Administrator determines that it is necessary, after such period, for the veteran to continue such program of rehabilitation services in order to achieve the purposes of such program and that the primary purpose of furnishing hospital or nursing home care to the veteran continues to be the provision of such program to the veteran, the reduction in pension required by subparagraph (B) of this paragraph shall not be made for the number of calendar months that the Administrator determines is necessary for the veterans to achieve the purposes of such program.".

HEADSTONES, MARKERS, AND MEMORIAL AREAS

SEC. 603. (a) Subsection (b) of section 906 is amended to read as follows:

"(b) The Administrator shall furnish, when requested, an appropriate memorial headstone or marker for the purpose of commemorating any veteran—

"(1) whose remains have not been recovered or identified, "(2) whose remains were buried at sea, whether by the veteran's own choice or otherwise,

"(3) whose remains were donated to science, or

"(4) whose remains were cremated and the ashes scattered without interment of any portion of the ashes,

for placement by the applicant in a national cemetery area reserved for such purpose under the provisions of section 1003 of this title or in a State, local, or private cemetery.".

(b) Subsection (a) of section 1003 is amended to read as follows:

"(a) The Administrator shall set aside, when available, suitable areas in national cemeteries to honor the memory of members of the Armed Forces and veterans—

"(1) who are missing in action;

"(2) whose remains have not been recovered or identified;

"(3) whose remains were buried at sea, whether by the member's or veteran's own choice or otherwise;

"(4) whose remains were donated to science; or

"(5) whose remains were cremated and the ashes scattered without interment of any portion of the ashes.".

MINIMUM ACTIVE-DUTY SERVICE REQUIREMENT FOR BENEFITS

SEC. 604. (a)(1) Chapter 53 is amended by inserting after section 3103 the following new section:

"§ 3130A. Minimum active-duty service requirement

"(a) Notwithstanding any other provision of law, any requirements for eligibility for or entitlement to any benefit under this title or any other law administered by the Veterans' Administration that are based on the length of active duty served by a person who initially enters such service after September 7, 1980, shall be exclusively as prescribed in this title.

"(b)(1) Except as provided in paragraph (3) of this subsection, a person described in paragraph (2) of this subsection who is discharged or released from a period of active duty before completing the shorter of—

"(A) 24 months of continuous active duty, or

"(B) the full period for which such person was called or ordered to active duty,

is not eligible by reason of such period of active duty for any benefits under this title or any other law administered by the Veterans' Administration.

"(2) Paragraph (1) of this subsection applies—

"(A) to any person who originally enlists in a regular component of the Armed Forces after September 7, 1980; and

"(B) to any other person who enters on active duty on or after the date of the enactment of the Veterans' Disability Compensation, Housing, and Memorial Affairs Amendments of 1981 and has not previously completed a continuous period of active duty of at least 24 months or been discharged or released from active duty under section 1171 of title 10.

"(3) Paragraph (1) of this subsection does not apply—

"(A) to a person who is discharged or released from active duty under section 1171 or 1173 of title 10;

"(B) to a person who is discharged or released from active duty for a disability incurred or aggravated in line of duty;

"(C) to a person who has a disability that the Administrator has determined to be compensable under chapter 11 of this title;

"(D) to the provision of a benefit for or in connection with a service-connected disability, condition, or death; or

"(E) to benefits under chapter 19 of this title.

"(c)(1) Except as provided in paragraph (2) of this subsection, no dependent or survivor of a person as to whom subsection (b) of this section requires the denial of benefits shall, by reason of such person's period of active duty, be provided with any benefit under this title or any other law administered by the Veterans' Administration.

"(2) Paragraph (1) of this subsection does not apply to benefits under chapters 19 and 37 of this title.

"(d) For the purposes of this section, the term, 'benefit' includes a right or privilege, but does not include a refund of a participant's contributions to the educational benefits program provided by chapter 32 of this title.".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 3103 the following:

"3103A. Minimum active-duty service requirement.".

(b) Section 3103A of title 38, United States Code, as added by subsection (a), shall not apply with respect to the receipt by any person of any benefit provided by or pursuant to law before the date of the enactment of this Act. Notwithstanding such section, a person who before such date has received a certificate of eligibility from the administration of Veterans' Affairs for benefits under chapter 37 of title 38, United States Code, is eligibile for such benefits after such date.

DELIMITING DATES FOR SURVIVING SPOUSES OF CERTAIN SERVICE-CONNECTED DISABLED VETERANS

SEC. 605. (a) Section 1712(b)(1) is amended—

(1) by inserting "of the following" after "whichever";

(2) by striking out "the date" in clause (A) and inserting in lieu thereof "The date";

(3) by striking out the comma and "or" at the end of clause (A) and inserting in lieu thereof a period; and

(4) by striking out clause (B) and inserting in lieu thereof the following:

"(B) The date of death of the spouse from whom eligibility is derived who dies while a total disability evaluated as permanent in nature was in existence.

"(C) The date on which the Administrator determines that the spouse from whom eligibility is derived died of a service-connected disability.".

(b) Subsection (f) of section 2 of Public Law 90-631 (82 Stat. 1331) is amended to read as follows:

"(f)(1) Except as provided in paragraph (2) of this subsection, in the case of any person who is an eligible person by reason of subparagraph (B) or (D) of section 1701(a)(1) of title 38, United States Code, if the date of death or the date of the determination of service-connected total disability permanent in nature of the person from whom eligibility is derived occurred before December 1, 1968, the 10-year delimiting period referred to in section 1712(b)(1) of such title shall run from such date.

"(2) If the death of the person from whom such eligibility is derived occurred before December 1, 1968, and the date on which the Administrator of Veterans' Affairs determines that such person died of a service-connected disability is later than December 1, 1968, the delimiting period referred to in section 1712(b)(1) of such title shall run from the date on which the Administrator makes such determination.".

WAIVER OF PRO RATA REFUND REQUIREMENT IN THE CASE OF CERTAIN INSTITUTIONS

SEC. 606. Section 1776 is amended by adding at the end the following new subsection:

"(d) The Administrator may waive, in whole or in part, the requirements of subsection (c)(13) of this section in the case of an educational institution which—

"(1) is a college, university, or similar institution offering postsecondary level academic instruction that leads to an associate or higher degree,

"(2) is operated by an agency of a State or of a unit of local government,

"(3) is located within such State or, in the case of an institution operated by an agency of a unit of local government, within the boundaries of the area over which such unit has taxing jurisdiction, and

"(4) is a candidate for accreditation by a regional accrediting association, if the Administrator determines, pursuant to regulations which the Administrator shall prescribe, that such requirements would work an undue administrative hardship because the total amount of tuition, fees, and other charges at such institution is nominal.".

NAMING OF VETERANS' ADMINISTRATION MEDICAL CENTERS

SEC. 607. (a) The Veterans' Administration Medical Center in Reno, Nevada, shall after the date of the enactment of this Act be known and designated as the "Ioannis A. Lougaris Veterans' Administration Medical Center". Any reference to such medical center in any law, regulation, map, document, record, or other paper of the United States shall after such date be deemed to be a reference to the Ioannis A. Lougaris Veterans' Administration Medical Center.

(b) The Veterans' Administration Medical Center in Clarksburg, West Virginia, shall after the date of the enactment of this Act be known and designated as the "Louis A. Johnson Veterans' Administration Medical Center". Any reference to such medical center in any law, regulation, map, document, record, or other paper of the United States shall after such date be deemed to be a reference to the Louis A. Johnson Veterans' Administration Medical Center.

TITLE VII—EFFECTIVE DATES

SEC. 701. (a) The amendments made by titles I, II, and III shall take effect as of October 1, 1981.

(b)(1) Except as otherwise provided in this subsection, the amendments made by titles IV, V, and VI shall take effect on the date of the enactment of this Act.

(2) The amendments made by section 401 shall take effect on December 1, 1981.

(3) The amendments made by section 504 shall take effect as of October 17, 1980.

(4) The amendments made by section 601(b)(1) shall take effect as of October 1, 1981.

(5) The amendments made by section 602 shall take effect on the date of the enactment of this Act and shall apply with respect to veterans admitted to a Veterans' Administration hospital or nursing home on or after such date.

(6) The amendments made by section 603 shall apply with respect to veterans dying before, on, or after the date of the enactment of this Act.

In lieu of the amendment of the House to the title of the bill, amend the title so as to read: "An Act to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans, to increase the rates of dependency and indemnity compensation for the surviving spouses and children of disabled veterans, to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment plans, to increase the maximum amount payable under the Veterans' Administration automobile assistance and specially adapted housing assistance programs, to expand eligibility for memorial markers, to require advance notification to Congress regarding certain Veterans' Administration reorganizations, and to limit expenditures of medical appropriations in connection with contracting-out studies; and for other purposes."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 462) was agreed to.

Mr. SIMPSON. Mr. President, this measure is before the Senate now as a privileged matter in lieu of the formal conference report.

SUMMARY

Mr. President, I rise in strong support of S. 917, the proposed Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981. I urge expeditious passage of this bill which is needed to insure that the over 2,275,900 service-connected disabled veterans, their dependents and the survivors of those who gave their lives in service to our country receive the average 11.2 percent cost-of-living increase in disability compensation and dependency and indemnity compensation (DIC) as soon as is possible.

Mr. President, I introduced S. 917 on April 8, 1981, at the request of the administration. The Senate Committee on Veterans' Affairs, which I am privileged to chair, held hearings on this and certain other measures on June 11, 1981. The committee unanimously reported out a committee amendment on June 25, 1981, which passed the Senate on July 24, 1981. The committee worked hard to provide a bill in a timely manner, a bill which would be responsive to the impact of inflation on our Nation's service-connected disabled veterans by providing an 11.2 percent cost-of-living increase. This measure contains a number of other important expansions and improvements to the compensation, housing, memorial affairs and other VA programs.

Mr. President, the House finally passed H.R. 3995 on September 21, 1981. This measure contains a cost-of-living increase for compensation and DIC as well as certain other provisions. The Senate and House Veterans' Affairs Committees had less than 2 weeks to work out the differences in the two bills before the October 1, 1981, effective date for the increase in compensation and DIC. I regret that this first cost-of-living increase will be received in a retroactive payment.

However, I believe that the extensive negotiations between the two committees, have produced an equitable compromise, and trust that the veterans who will have to wait no longer than 30 days for their increase will be pleased with the product of both committees' efforts which has produced legislation to expand certain VA benefits and services for our Nation's veterans.

Mr. President, all the provisions of S. 917 are explained in detail in the joint explanatory statement, which follows: However, I would like to briefly highlight several important provisions of the bill.

VETERANS' DISABILITY COMPENSATION AND INDEMNITY COMPENSATION BENEFITS

Mr. President, the original bill, S. 917 would provide for an 11.2-percent increase in the rate of compensation for service-connected disabled veterans and for dependency and indemnity compensation (DIC) for the survivors of those veterans whose death is service connected. This is the same rate of increase that recipients of social security and VA pension were given this year. Certainly, this most deserving group of veterans should not receive less than the indexed increases for other programs. However, due to this year's severe budget restrictions the Senate committee felt that a higher raise would not be possible in light of the administration's sincere efforts to reduce spending and to begin to control inflation.

The House bill, would increase the basic rates by an average 11.3 percent for veterans and DIC recipients—using a weighted scale to produce increases which would range from 7.4 percent for veterans with a 10-percent disability to 20.1 percent for those veterans with a 90-percent disability and 11.3 percent for those veterans who are 100 percent disabled. The disparity in the increases was a result of an effort by the House to correct differences between the amounts received by those with different disability ratings over the years as a result of rounding off increases to the next higher dollar.

The compromise agreement incorporates the philosophy of the House provision, but uses the Senate's 11.2 percent increase as the average.

INCREASE IN COMPENSATION TO CERTAIN SEVERELY DISABLED VETERANS

Mr. President, a provision which was introduced by my honored colleague on the committee, STROM THURMOND, would provide an increase in the rate of compensation to certain severely disabled veterans who have lost or lost the use of their upper extremities. This provision was not in the House bill but is contained in the compromise. These veterans had been paid at the same rate as those veterans with the loss or loss of use of lower extremities.

Although the loss of use of or loss of lower extremities without question results in a major disability, the veteran does not experience the same degree of difficulty in performing daily living tasks as the veterans with the loss of or loss of use of both upper extremities. This increase in compensation is meant to compensate more adequately the more severe impairments which result from the loss of or loss of use of both upper extremities.

AUTOMOBILE ADAPTIVE EQUIPMENT AND SPECIALLY ADAPTED HOUSING

Mr. President, two provisions, introduced by my good friend and predecessor as chairman, ALAN CRANSTON, would increase the maximum amount payable through each of these programs to eligible veterans. I am most pleased that these worthwhile provisions are contained in the compromise. The providing of benefits to service-connected disabled veterans is the primary mission of the VA, and I am pleased to be sponsoring a bill which contains such provisions. The eligibility for the automobile-purchase grant would be increased by the Senate provision to those veterans who suffer from service-connected anklyosis if it is established that automotive adaptive equipment would be necessary for the safe operation of a vehicle.

GRADUATED PAYMENT MORTGAGE PROGRAM

Mr. President, I introduced a bill, which was incorporated into S. 917, and is contained in the compromise, which would establish a graduated payment mortgage program (GPM) within the VA's loan guaranty program. This very important provision is incorporated in the bill because the committee recognizes the increasing problems young people are having in obtaining loans with the soaring cost of homes and high interest rates. The GPM payments are carefully planned to reflect an increase in earning power over a specified period of years. This generally allows for a lower down payment and lower monthly payments in the early years of the mortgage while the veteran is becoming established in a job or profession. As the veteran's salary goes up, so do the payments. The payments reach a plateau and level off for the remainder of the mortgage period. This provision was designed to assist the younger veteran in putting down roots and becoming established, contributing members of their communities during the early stages of building security and a family.

PENSION FOR HOSPITALIZED VETERANS UNDERGOING A PRESCRIBED PROGRAM OF REHABILITATION

Mr. President, another provision, which I introduced and which is included in the compromise agreement, is one which would provide for the continued payment of non-service-connected disability pension to certain hospitalized veterans who are enrolled in a prescribed program of rehabilitation. The House provision would have provided such a continuation for blinded veterans who are undergoing a program of rehabilitation.

This provision would allow a 3-month extension of pension within any 12-month period so as not to provide a disincentive to veterans to participate in such programs designed to increase independence in daily living. Under current law, a single veteran's pension is reduced to $60 after 3 months of hospitalization. This liberalization would help to encourage such veterans to participate in VA rehabilitation programs of all kinds without the real concern of not being able to meet ongoing expenses upon their release.

The committee strongly urges the Administrator to use discretion in any further exclusions of months from pension reduction which would be based on individual determinations. The purpose of this provision is to provide extra incentive for the veteran to become more independent, and the committee wishes to emphasize that any unnecessarily lengthy hospital or nursing home stays are not to be encouraged.

VA REORGANIZATION

Mr. President, the House bill contained a provision which would provide that any VA reorganization effort which would include at least 10-percent reductions in any fiscal year in the number of full-time equivalent employees (FTEE's) would be subject to a resolution of congressional disapproval by either House. Mr. President, I strongly opposed this provision. I cannot accept the policy of a one-House veto in this instance. This could impair attempts by the Administrator to make changes which he has determined as being necessary to constitute an effective use of employees, programs and restricted fiscal resources.

This approach would not seem to me to encourage open communications between the Congress, the administration and the VA. Yet it is important that the Congress be involved in any major reorganization effort, especially if health-care facilities would be involved. However, I strongly believe that the new Administrator needs to be given the opportunity to develop his own plans and share them with both the House and Senate Veterans' Affairs Committees without the fear of one-House disallowal on any grounds.

Mr. President, in my view, the compromise agreement contains a very equitable solution to this issue. The Administrator would be required to submit to the Congress no later than the day on which the President submits his proposed budget, a detailed plan for any proposed organization which would in any fiscal year involve a reduction in the number of FTEE's permanently assigned to any VA facility or office that is either the permanent duty station for 25 or more employees or an outpatient clinic by 10 percent or more or by a percentage that, when added to the percentage reduction resulting from a reorganization in the preceding fiscal year, is 15 percent or more.

This organization could be effective at the onset of the new fiscal year. This would provide ample time for congressional comment and dialog with the VA, and if, as a last resort, the Congress disapproved of the proposed actions as being harmful to the delivery of service to our Nation's veterans, there would be time to enact legislation to prohibit such actions.

RESTRICTION ON USE OF FUNDS TO STUDY CONTRACTING OUT OF COMMERCIAL OR INDUSTRIAL TYPE SERVICES

Contracting out for certain commercial and industrial products and services is not a new idea. The implementations of the Office of Management and Budget (OMB) Circular A-76 is meant to produce a more efficient, streamlined government at a significant cost savings. This administration has continued the interest sparked by the last administration in pursuing studies which would determine areas in which at least a 10-percent savings would be realized in the VA—and other agencies.

This committee, as well as the House committee, will hold hearings this fall in order to carefully review all aspects of this issue. Since we have not yet had the opportunity to examine this highly controversial matter, the committees strongly believe that no funds appropriated for the VA's medical care account, medical and prosthetic research account, or medical administration and miscellaneous operating expenses account should be used for the purpose of conducting any studies comparing the cost of the VA itself performing various D.M. & S. functions with the cost of contracting out to the private sector for these services—unless funds have been specifically appropriated for that purpose. The compromise contains such a provision. The committee hearing will address our concerns with respect to these studies as well as other aspects of OMB Circular A-76.

Specifically, the committee will examine the impact of using funds appropriated for the provision of health-care services to conduct these studies; the allegation that contracting out may negatively impact on quality health care; the possibility that the results would not be cost-effective in the out-years, and finally, a March 21, 1981, VA General Counsel opinion which concluded that the contracting out of "basic medical care operations of D.M. & S. cannot be justified. * * * legally."

Mr. President, in conclusion, I wish to sincerely thank the distinguished ranking minority Member from California, Senator CRANSTON, for his invaluable help throughout the entire process of crafting this bill and reaching a very equitable compromise, the remarkable Senator from South Carolina, Senator THURMOND, for his contributions, and each of the other committee members and colleagues, all of whom are cosponsors of this measure.

In addition, I should like to recognize and thank the very able members of the majority staff for their efforts—Ken Berquist, former chief counsel and staff director, and his successor, Tom Harvey, Julie Susman, Laurie Altemose, and our editorial director, Harold Carter, as well as members of the capable minority staff—Jonathan Steinberg, Babette Polzer, Ed Scott, and Ingrid Post. The hard work and cooperation of my most capable and effective counterpart on the House Veterans' Affairs Committee, G. V. "Sonny" Montgomery, and his very able staff headed by Mack Fleming were essential to the achievement of this equitable compromise.

Mr. President, I am most pleased to have the opportunity to urge my colleagues in the Senate to ratify this carefully crafted measure which contains a much-needed cost-of-living increase for our Nation's most deserving veterans. On behalf of the entire committee, I urge the Senate's favorable consideration of this bill.

The explanatory statement follows:

EXPLANATORY STATEMENT OF SENATE BILL, HOUSE AMENDMENT (H.R. 3995), AND COMPROMISE AGREEMENT ON S. 917, THE VETERANS' DISABILITY COMPENSATION, HOUSING, AND MEMORIAL BENEFITS AMENDMENTS OF 1981

TITLE I—VETERANS' DISABILITY COMPENSAITON BENEFITS

Rate increase

Both the Senate bill and the House amendment would amend chapter 11 of title 38, United States Code, to increase, effective October 1, 1981, the basic rates of service-connected disability compensation for veterans, the rates payable for certain severe disabilities, the annual clothing allowance for certain severely disabled veterans and the dependents' allowances payable to veterans rated 30-percent or more disabled. The Senate bill would increase those rates and allowances by 11.2 percent; the House amendment would increase the basic rates by an average of 11.3 percent and the other rates and allowances by 11.3 percent

The compromise agreement would provide increases, effective October 1, 1981, of an average of 11.2 percent in the basic rates. The rates under current law, the Senate bill, the House amendment, and the compromise agreement are as follows:

Disability rating	Current law	Senate bill	House amendment	Compromise agreement
Percent:				
10	$54	$60	$58	$58
20	99	110	109	107
30	150	167	165	162
40	206	229	229	232
50	291	324	325	328
60	367	408	415	413
70	434	483	505	521
80	503	559	595	604
90	566	629	680	679
100	1,016	1,130	1,131	1,130

The compromise agreement would further provide for 11.2-percent increases, effective October 1, 1981, in the rates payable for certain severe disabilities, the annual clothing allowance, and the dependents' allowances.

Increase in compensation payable to certain severely disabled veterans

The Senate bill, but not the House amendment, would amend section 314 of title 38, effective October 1, 1981, to raise by one full step the statutory award designation that determines the rates of special monthly compensation payable to veterans who suffer from service-connected loss or loss of use of both upper extremities.

TITLE II—SURVIVORS' DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS

Rate increase

Both the Senate bill and the House amendment would amend chapter 13 of title 38, United States Code, to provide, effective October 1, 1981, an increase of 11.2 and 11.3 percent, respectively, in the rates of dependency and indemnity compensation (DIC) payable to the surviving spouses and children of veterans whose deaths were service connected.

The House recedes.

Miscellaneous DIC amendments

The House amendment, but not the Senate bill, would amend section 413 of title 38 to limit the amount of retroactive DIC benefits payable to a veteran's surviving child (in cases where there is no surviving spouse) whose eligibility for DIC benefits is established at a time later than the eligibility of the veteran's other surviving child or children was established. This provision would limit the amount paid to such a later-eligible child to an amount equal to the difference between the total amount paid to other surviving children and the amount that would have been paid if such child had established the eligibility on a timely basis.

The Senate recedes with an amendment providing that, effective October 1, 1981, this limitation would apply only to those situations involving a child who is over the age of eighteen years who had previously been entitle to DIC and who is, after reaching eighteen years of age, determined to be entitled to retroactive DIC payments by virtue of attending school. The Committees expect that the VA, in implementing this provision, will take appropriate steps to alert individuals who may be affected by this limitation of the importance of promptly reporting to the VA changes in status so as to avoid application of the new limitation entirely or largely.

The House amendment, but not the Senate bill, would amend section 3010(e) of title 38 to provide that where a surviving spouse is a DIC recipient receiving a dependent's allowance for a child and the child becomes entitled to DIC when he or she has reached age 18 and is attending school, the DIC benefits payable to the surviving child for the month in which he or she reaches age 18 would be reduced by the amount of the dependent's allowance paid to the surviving spouse.

The Senate recedes with an amendment that, effective October 1, 1981, would provide that the effective date of the otherwise eligible surviving child's award for the month in which such child turns 18 is the date of the child's eighteenth birthday—the same effective date, under present law, for the reduction made in the dependent's allowance received by the surviving spouse on behalf of such child.

TITLE III—AUTOMOBILE ASSISTANCE AND ADAPTIVE EQUIPMENT

Automobile assistance amount

The Senate bill, but not the House amendment, would amend section 1902 of title 38, United States Code, to increase from $3,800 to $5,000, effective October 1, 1981, the maximum amount of assistance payable by the Administrator toward the purchase price of an automobile or other conveyance.

The House recedes with an amendment increasing the maximum amount to $4,400.

Extension of eligibility for adaptive equipment

The Senate bill, but not the House amendment, would further amend section 1902 to provide, effective October 1, 1981, a veteran (not already eligible for the section 1902 automobile-purchase grant) who suffers from service-connected ankylosis of one or both knees, or one or both hips, with eligibility for such appropriate automobile adaptive equipment as is determined to be necessary to meet the applicable standards of licensure established by the State of the veterans' residence or as is determined necessary for the veteran's safe operation of the automobile. The Senate bill would also, effective October 1, 1981, make technical corrections in chapter 39.

The House recedes with an amendment that would require the Chief Medical Director to make a determination of the necessity for adaptive equipment in all cases. In connection with this provision, the Committees note the wide discrepancy between the cost estimates prepared by the VA and those prepared by the Congressional Budget Office. In light of this discrepancy, the Committees will monitor carefully the implemantation of this provision and direct the VA to maintain for at least three years data on the costs arising as a result of the enactment of this provision.

TITLE IV—LIFE INSURANCE PROGRAM AMENDMENTS

Increase in maximum amounts of insurance

Both the House amendment and H.R. 3499 as passed by the Senate on June 16, 1981, would amend chapter 19 of title 38, United States Code, to increase from $20,000 to $35,000 the maximum amount of Servicemen's Group Life Insurance and Veteran's Group Life Insurance that may be purchased. The House provision would be effective on October 1, 1981, or on the first day of the first month beginning more than 60 days after the date of enactment, whichever is the later; the Senate provision, on the first day of the first month which begins at least 60 days after the date of enactment.

The compromise agreement contains this provision made effective December 1, 1981. In connection with the compromise agreement provision extending the increased-insurance opportunity to those who are members of the Retired Reserve of a uniformed service on the effective date, including those who, on that date, would upon application be eligible for "assignment" to the Retired Reserve, the Committees note that the term "assignment" is intended to have the same meaning as the term "transfer" in section 269(f) of title 10, United States Code, the provision relating to transfers to the Retired Reserve. The term "assignment" in the Retired Reserve context in other title 38 provisions (sections 765(5) and 767(a)). terms which the Committees understand are interpreted by the VA as having the same meaning as "transferred" and "transfer".

Collection of amounts for servicemen's group life insurance program

The House amendment, but not the Senate bill, would amend section 769 of title 38 to require, effective on October 1, 1981, the Secretary of Defense to prescribe regulations to ensure timely collection of Servicemen's Group Life Insurance premiums for reservists.

The Senate recedes with an amendment making the provision effective on the date of enactment.

Beneficiary's right to elect one-sum payment

The House amendment, but not the Senate bill, would amend chapter 19 of title 38 to permit beneficiaries of National Service Life Insurance and United States Government Life Insurance policies to elect lump-sum payments of proceeds if the insured veteran did not specify a payment option. The House amendment, which would apply with respect to policies maturing after March 31, 1982, would further require the VA to notify each individual insured under such policies of the amendments made by the provision and provide each such individual with the forms necessary for the election of a payment option.

The Senate recedes with an amendment making the chapter 19 amendments applicable to policies maturing on or after October 1, 1981, and deleting the requirement that the Administrator notify all insured veterans of the modification. However, the Committees expect that the Administrator will, at the time of the next regular mailing to policyholders (generally, the annual premium notice) advise such veterans of this modification and their rights to specify a payment option in order to preclude, if they wish to do so, the availability of the lump-sum option to their beneficiaries.

TITLE V—VETERANS' ADMINISTRATION HOUSING BENEFITS

Establishment of graduated payment plans in Veterans' Administration loan guaranty program

Both the Senate bill and H.R. 2039 as passed by the House on June 2, 1981, would amend chapter 37 of title 38, United States Code, to permit, effective october 1, 1981, the VA to guarantee graduated-payment mortgage loans.

The compromise agreement contains this provision made effective on the date of enactment.

Increase in maximum amounts of specially adapted housing assistance

The Senate bill, but not the House amendment, would amend section 802 of title 38 to increase from $30,000 to $35,000, effective October 1, 1981, the maximum amount of assistance payable for specially adapted housing and to make a series of technical corrections.

The House recedes with an amendment increasing the maximum amount to $32,500 and making the provision effective on the date of enactment.

Extensions of maximum terms of guaranteed loans for mobile-home purchases

The Senate bill, but *not* the House amendment, would amend section 1819(d) of title 38 to conform, effective October 1, 1981, the maximum maturities for mobile home loans which may be guaranteed by the VA to the maximum maturities applicable as of October 1, 1981, by virtue of the enactment of Public Law 97-35 (section 338 (a)), in the case of FHA-insured loans for the purchase of manufactured housing. The applicable maximums would be as follows: 20 years in the case of loans for a single-wide home and for a single-wide home and a lot; 23 years for a double-wide home; and 25 years for a double-wide home and a lot.

The House recedes with an amendment making the provision effective on the date of enactment.

Technical amendment

The Senate bill, but not the House amendment, would amend section 1826 of title 38, effective on the date of enactment, to make a technical correction so as to conform the provisions of chapter 37, with respect to withholding of benefits in order to recoup debts arising as a result of loans made or guaranteed under that chapter, to the provisions of section 3114, relating to indebtedness offsets, enacted by Public Law 96-466.

The House recedes with an amendment making the provision effective on October 17, 1980, the date of enactment of Public Law 96-466.

TITLE VI—MISCELLANEOUS PROVISIONS

Veterans' Administration reorganizations

The House amendment, but not the Senate bill, would amend section 210(b) of title 38, United States Code, effective October 1, 1981, to provide generally that no exercise of the Administrator's authority thereunder with respect to the consolidation, elimination, abolition, or redistribution (hereinafter referred to as "reorganization") of VA bureaus, agencies, offices, or activities shall be effective unless the Administrator has submitted a plan for the proposed reorganization to the Congress and, within sixty days thereafter, neither House of Congress adopts a resolution of disapproval. This requirement for Congressional opportunity to disapprove reorganizations would not apply to reorganizations that exist on the date of enactment or to any exercise of the section 210(b) authority that involves less-than-10-percent reductions in any fiscal year in the number of full-time equivalent employees (FTEE's) at any VA office or facility. In computing the sixty-day period for Congressional disapproval, periods of adjournment by either House of Congress of more than three days would not be counted.

The Senate recedes with an amendment to section 210 of title 38 that would provide, instead of the Congressional-disapproval-opportunity provisions, for advance notice to the Congress regarding certain reorganizations.

Under the compromise agreement, the Administrator's exercise of the reorganization authority would, effective on the date of enactment with respect to reorganizations not fully accomplished prior thereto, be conditioned in certain circumstances on the VA's following specific procedures. Thus, in any case in which the Administrator proposes a reorganization that would reduce by a specified percentage the level of full-time equivalent employees (FTEE's) permanently assigned to a specified facility or office, the Administrator would be required to submit to the Congress no later than the day on which the President submits the Budget of the United States Government for a fiscal year a detailed plan and timetable for the proposed reorganization, and the Administrator would not be permitted to implement the planned reorganization before the first day (October 1) of that fiscal year.

The requirement to follow this advance notification procedure would apply to any proposed reorganization that would, in any fiscal year after fiscal year 1982, reduce the number of FTEE's permanently assigned to any VA facility or office that is either the permanent duty station for 25 or more employees or a freestanding outpatient clinic by either 10 percent or more or by a percentage that, when added to the percentage reduction resulting from a reorganization in the preceding fiscal year, is 15 percent or more.

Because the condition regarding advance notice to Congress could not be complied with regarding such an administrative reorganization, under this provision no such administrative reorganization could be undertaken in fiscal year 1982 (except, technically, for one fully accomplished before the date of enactment).

Thus, if an administrative reorganization were to involve an 8-percent reduction in, for example, fiscal year 1982, of the FTEE's permanently assigned to such a VA facility or office and a 7-percent reduction in fiscal year 1983, the provision would apply with respect to the proposed reorganization for fiscal year 1983. If the reduction in the second year were 6.9 percent, however, the provision would not apply.

Veterans' Administration staffing levels

The House amendment, but not the Senate bill, would repeal section 5010(a)(4) of title 38, effective October 1, 1981, relating to VA medical personnel staffing levels, and, at the same time, amend section 203 of title 38 to add a new subsection (b) that would incorporate the provisions of section 5010(a)(4), modified so as to encompass all VA personnel staffing levels. The effect of that modification would be to expand the scope of these provisions to include employees paid under the VA's general operating expenses and construction accounts.

Present section 5010(a)(4) requires that, after the enactment of each law making appropriations to the VA (including regular and supplemental appropriations laws and continuing resolutions, whether or not such laws contain appropriations for personnel purposes, the Director of the Office of Management and Budget provide the VA with the authority, together with the funds needed to carry out such authority, to employ not less than the numbers of employees for which the Congress has appropriated funds in three named VA health-care accounts—medical care, medical and prosthetic research, and medical administration and miscellaneous operating expenses.

That section further requires the Director of OMB, within specified time periods, to certify to the appropriate committees of the Congress and to the Comptroller General that the personnel ceilings and funding have been provided to the VA and requires the Comptroller General to report to the appropriate committees of the Congress on the Director's certification.

The compromise agreement does not add to the specification of the three listed accounts. However, it does contain provisions amending section 5010(a)(4) solely for the purpose of clarifying that it applies to an appropriation law (such as a continuing resolution) that provides funding for only part of a fiscal year and adding to section 5010(a) a new paragraph (5) to prohibit the use of funds appropriated for the VA health care accounts for—and to prohibit any VA employees compensated from such funds from undertaking—the conduct of certain cost-comparison studies regarding the contracting-out of functions of the VA's Department of Medicine and Surgery (DM&S).

The clarification of section 5010(a)(4) is needed in light of the position taken by OMB (but not agreed to by the Committees) that the OMB Director's obligation under section 5010(a) to provide funded personnel ceilings applies only when funds have been appropriated for a full fiscal year for the VA health care accounts involved and that the OMB Director thus has no obligation under section 5010(a)(4) in connection with a continuing resolution expiring before the end of a fiscal year.

The Committees stress that the only substantive change to present section 5010(a)(4) being made by the provision in the compromise agreement is this one clarification with respect to appropriations for less than a full fiscal year.

The Committees also stress that the Director of OMB's obligation set forth in section 5010(a)(4) to provide the "funded personnel ceiling" to the VA continues throughout the period for which particular funds are appropriated by the Congress and is not a one-time obligation that can be met by an initial authorization to the agency to hire certain numbers of employees followed by a withdrawal, in whole or in part, of that authorization or by a limitation or restriction on the exercise of that authorization that would substantially interfere with the VA's employment of the personnel levels involved.

With reference to the phrase "funded personnel ceiling", which is defined in present section 5010(a)(4)(D) to mean "not less than the number of employees for the employment of which appropriations have been made for a [particular] fiscal year", the Committees note (as they did at the time that provision was added to title 38 by section 301 of Public Law 96-151) their intent that, with respect to a particular appropriations Act, the staffing level that is to be provided to the VA by OMB is the particular staffing level for which appropriations have been unequivocally identified in the legislative history of such Act (including the budget submissions for the appropriations account involved) as intended to support a specified employment level.

In this regard, the Committees were and are aware that the amounts identified for personnel costs in the legislative history of a regular appropriations Act for the staffing levels involved generally are not sufficient to cover the costs of pay raises that are provided after the President's budget for the fiscal year in question is submitted.

In this regard, it was and is the Committee's intention that the funding needed for the increased personnel cost resulting from employment of the intended personnel levels at the higher salary levels to be taken from funds originally identified for nonpersonnel costs, or pending the enactment of supplemental appropriations legislation, from funds that would otherwise be spent on personnel costs later in the fiscal year, or from combination of such funds.

In addition, although the compromise agreement does not expand the scope of the provison in current law to add employment levels under the VA's general operating expenses (GOE) and construction accounts, the Committees will follow closely the use made of funds appropriated for fiscal year 1982 for specified employment levels under those accounts and will (as indicated) reexamine the need to expand the scope of section 5010 (a) (4) in terms of experience with such employment levels.

With respect to another matter regarding VA health-care appropriations and in connection with the agreement on the reorganization provision—activities under Office of Management and Budget Circular A-76 or otherwise in connection with the contracting-out (and studies of the feasibility of such contracting) of functions carried out by VA employees—the compromise agreement would prohibit the use of any funds appropriated for the VA's medical care account, medical and prosthetic research account, or medical administration and miscellaneous operating expenses account for the purpose of conducting any studies comparing the cost of the VA itself performing various functions in the VA's Department of Medicine and Surgery (DM&S) with the cost of having such functions performed by private contractors—unless the funds involved have been specifically appropriated for that purpose. The compromise agreement would also prohibit any VA employees paid under those accounts from carrying out any activities in connection with such studies unless the funds had been specifically appropriated for the conduct of the studies.

In this connection, the Committees note the plans currently underway in DM&S health-care facilities to implement Circular A-76, which prescribes policies for acquiring by contract commercial and industrial products and services, including health services. Under Circular A-76, DM&S facilities are being required to conduct a vast number of studies, approximately 4,000 to evalaute the comparative costs of having various functions performed by private contractors rather than, as they are now, by VA employees.

The committees are concerned about the conduct of these studies from three standpoints: First, the substantial costs involved (estimated as high as $29 million) must come from funds appropriated for the provision of health-care services; second, contracting out may prove to be counterproductive to the goal of good health care and not even to be cost-effective in the long run; and third, in light of the March 21, 1980, opinion of the VA General Counsel concluding that the contracting out of "basic medical are operations of DM&S cannot be justified. . . legally," serious doubt exists that many of the functions being examined for purposes of their being contracted can lawfully be performed by private contractors.

Thus, in anticipation of further close scrutiny of the issues involved by both Committees, including oversight hearings beginning shortly, the Committees believe that no further steps should be taken to implement Circular A-76 cost-comparison studies in VA health-care facilities unless the Congress has expressly decided to make funds available specifically for that particular purpose.

Continued payment of pension to certain hospitalized veterans undergoing a prescribed program of rehabilitation

Both the Senate bill and the House amendment would amend section 3203(a) of title 38 to provide that the non-service-connected pension of certain hospitalized veterans would not be reduced during certain periods of hospitalization.

The Senate bill, effective on the date of enactment, would provide that, for the purposes of computing the length of the period of VA hospital or nursing home care after which a veteran's non-service-connected pension is reduced, where the primary purpose of the care is the provision of a prescribed program of rehabilitation services only periods of care that exceed 180 days within a 12-month period would be counted as time during which the veteran is being furnished hospital or nursing home care. The House amendment, effective October 1, 1981, would exempt non-service-connected blinded veterans from the reduction in pension provisions if such veterans are enrolled in a VA blind rehabilitation program.

The compromise agreement would provide that for the purpose of computing the length of hospital or nursing home care after which pension is reduced, a period of up to three additional calendar months would not be counted if the primary purpose of the care during that period is to furnish a prescribed program of rehabilitation services. The agreement would further authorize the Administrator to preclude pension reduction for such additional months as are determined to be a period during which further rehabilitation services are needed and the primary purpose of the care continues to be rehabilitation. The provision would be effective on the date of enactment and would apply with respect to veterans admitted to a VA hospital or nursing home on or after such date.

The Committees wish to emphasize that any further exclusions of months from pension reduction by the Administrator would be required to be based on individual determinations that the prolonged period of hospital or nursing home care is actually necessary for rehabilitation purposes. The Committees intend that the authority to grant extensions be exercised cautiously so as to avoid any unnecessarily lengthy stays in hospitals or nursing homes.

The Committee also notes that the applicability of this provision for not counting certain periods of care when the primary purpose is rehabilitation does not depend upon the purpose for which the veteran was initially admitted. In those cases in which the veteran is initially admitted for acute care (or primarily for any other purpose than rehabilitation), the provision would become applicable at a later time when, during a continuous period of care, the primary purpose of care becomes rehabilitation.

The Committee further note that the provision has been made effective on the date of the enctment and applicable to veterans admitted to VA hospitals or nursing homes on or after such date in order to facilitate implementation of it, but point out that with respect to veterans hospitalized prior to the effective date for other than rehabilitation purposes whose pensions have been reduced, and who are in need of a rehabilitation program, the VA could, as necessary to create motivation for their participation in rehabilitation, discharge and readmit them for rehabilitation purposes and thereby secure the benefit of this provision further.

HEADSTONES, MARKERS, AND MEMORIAL AREAS

Both the Senate bill and H.R. 1714 as passed by the House on June 2, 1981, would amend section 906 of title 38, effective October 1, 1981, to expand the Administrator's authority to furnish headstones and markers for placement in national cemeteries or local or private cemeteries in the case of veterans whose remains have not been recovered or identified or whose remains were buried at sea to permit the Administrator to furnish headstones or markers in such cases for placement in State cemeteries and to furnish them for placement in a cemetery in the cases of veterans whose remains were donated to science or were cremated and the ashes scattered.

The House bill, but not the Senate bill, would provide that, in cases where no remains are interred, markers may also be furnished for placement in other appropriate locations as designated by the next of kin and approved by the Administrator. The Senate provision would apply to deaths occurring at any time, and the House provision would apply to deaths occuring after December 7, 1941.

The House recedes with an amendment making the provision effective on the date of enactment (and applicable to deaths occurring at any time).

Both the Senate bill and H.R. 1714 as passed by the House on June 2, 1981, would amend section 1003(a) of title 38, effective October 1, 1981, to expand the requirement that the Administrator set aside, when available, certain areas in national cemeteries for honorific purposes (specifically to honor the memories of members of the Armed Forces missing in action or whose remains have not been identified or recovered or have been buried at sea) to require that the Administrator also memorialize in that manner veterans (and members of the Armed Forces expressly in the House amendment) whose remains have been donated to science or cremated without interment. The Senate provision would apply with respect to deaths occurring at any time, and the House provision would apply with respect to deaths occurring after December 1, 1941.

The compromise agreement contains this provision (including applicability to members of the Armed Forces), effective on the date of enactment, applicable with respect to deaths occurring before, on, or after such date.

Minimum-service requirement

Both the Senate bill and the House amendment would incorporate in title 38 (as a new section 3103A under the Senate bill, and as a new subsection (f) of section 3103 under the House amendment) a general two-year minimum-service requirement for VA-administered benefits eligibility (and, in the Senate bill only, other title 38 benefits eligibility) for persons who initially enter active duty on or after the date of enactment of this legislation.

Thus, both the Senate and House provisions would, with respect to benefits administered by the VA (and, in the Senate bill, also with respect to other title 38 benefits), replace and modify the minimum-service requirement in section 977 of title 10, which was added by section 1002(a) of Public Law 96–342 (the Department of Defense Authorization Act, 1981) and took effect on September 8, 1980, the date of that law's enactment. The title 10 provision applies to all federal benefits based on active-duty service but imposes a minimum-service requirement only with respect to enlisted personnel.

Under both the Senate and House provisions officers entering active duty on or after the date of enactment would be subject to the title 38 requirement as well as enlisted personnel who entered after September 7, 1980; the minimum-service requirement would be made applicable to commissioned officers of the Public Health Service (PHS) and the National Oceanic and Atmospheric Administration (NOAA) who enter full-time duty on or after the date of enactment; the exception in the title 10 provision for hardship discharges would be continued in title 38; and the exception in the title 10 provision for disability discharges would be continued in title 38 with a modification, effective (so as not to withdraw a benefit previously bestowed) on the date of enactment, clarifying that this exception would apply only if the disability had been incurred in line of duty.

In addition, both the House and Senate versions would provide an exception for veterans who have compensable disabilities. In contracts, a title 10 exception now applies to those who have a disability—whether or not compensable—that was incurred during the period of enlistment and not the result of intentional misconduct nor incurred during a period of unauthorized absence.

By basing this exception on compensability, the Senate- and House-proposed title 38 provisions would restrict it so as to exclude (from the general exception for all benefits eligibility) those whose disabilities are so minor as to be noncompensable, but expand the exception to include those having disabilities that are incurred during an unauthorized absence but are nevertheless considered to have been incurred in line of duty under section 105(b)(1) of title 38 (and thus are, if of the required severity or type, compensable) if the individual was not avoiding duty by deserting or taking an unauthorized absence that materially interferred with the performance of military duties. The Senate version of this exception would apply retroactively to all who initially enter active duty after September 7, 1980; the House version would apply only to those who enter active duty after the date of enactment.

With respect to Servicemen's Group Life Insurance (SGLI) benefits under chapter 19 of title 38, which the VA had determined to be subject to the title 10 provision, the Senate bill would provide an exception, retroactive to September 7, 1980, for the payment of SGLI proceeds, under section 768(a)(1)(A) of title 38, which provides a 120-day "grace" period (up to a one-year grace period for those who are totally disabled when discharged) following the date of discharge. The House amendment would (by virtue of including the minimum-service requirement provision in section 3103 of title 38, relating to bars to benefits, and under a VA determination that subsection (d) of that section provides an implied exception to the bars for all contractual insurance programs) have the effect of providing a complete exception, effective with respect to those who enter active duty after the date of enactment, for SGLI and other chapter 19 insurance programs.

The Senate bill, but not the House amendment, would provide an exception, effective retroactively to September 7, 1980, for the provision of benefits for any service-connected disability, which would have the effect of authorizing the provision of benefits specifically for or in connection with service-connected but noncompensable disabilities (for example, certain outpatient dental care for recently discharged veterans, health care for the service-connected disabilities of certain former service members who have non-qualifying discharges, and beneficiary travel reimbursement in connection with the provision of such care). Eligibility for a benefit specifically for or in connection with a service-connected disability should not be confused with general benefits derived from the exception noted above for any veteran who has a compensable disability.

The Senate bill, but not the House amendment, would expressly:

Preclude the provision of benefits to the survivors and dependents of veterans who initially enter active duty after September 7, 1980, and would generally be ineligible for VA and title 38 benefits.

Provide that, notwithstanding any other provision of law, only the minimum-service requirements set forth in title 38 shall apply with respect to VA and title 38 benefits eligibility based on the service of a person who initially enters active duty after September 7, 1980.

Define the term benefits to include any right or privilege but not a refund of a participant's unused contributions to the education benefits program under chapter 32, the Post-Vietnam Era Veterans' Educational Assistance program (VEAP).

Provide that the measure woud have no effect on the provision of benefits prior to October 1, 1981.

The compromise agreement incorporates provisions derived, with certain modifications, from both the Senate bill and the House amendment. Thus, the compromise agreement includes the Senate provision that would make title 38 the exclusive source of any minimum-service requirements with respect to VA and title 38 benefits eligibility based on the service of those who initially enter active duty after September 7, 1980. The compromise agreement generally imposes a minimum-service requirement for such eligibility with respect to those who originally enlisted in a regular component of the Armed Forces after September 7, 1980, and any other person, including officers and certain enlisted personnel, who—without having previously completed 24 months of continuous active duty or been discharged up to 90 days prior to the expiration of an enlistment under section 1171 of title 10 (convenience of the government)—enters active duty (including full-time duty as a commissioned officer in PHS or NOAA) on or after the date of enactment.

By using the same language as currently appears in section 977 of title 10 to describe the individuals who would have entered active duty after September 7, 1980, and before the date of enactment ("any person who originally enlists in a regular component of the Armed Forces [after September 7, 1980]"), Committees intended to ensure that the general scope of the minimum service requirement is not expanded retroactively to include any new categories of personnel.

Thus, with respect to the categories of personnel not covered by the title 10 provision—commissioned officers of the Armed Forces, PHS, and NOAA and enlisted personnel who had any service in a regular component of the Armed Forces before September 7, 1980—the new title 38 minimum-service requirement would apply prospectively only, that is, it would apply only to those entering on active duty after the date of enactment.

The Committees also note their agreement with the VA's interpretation with respect to the title 10 minimum-service requirement that, in the case of a person who signed a delayed-entry contract with one of the service branches prior to September 7, 1980, and pursuant to that contract was assigned to a reserve component until entering on active duty after September 7, 1980, the date on which that person "originally" listed in a "regular component" of the Armed Forces is the date on which he or she actually entered on active duty. As a consequence, these individuals have been considered by the VA to be within the scope of the title 10 provision, and the Committees intend for that same interpretation to apply under the title 38 provision.

With certain exceptions, the minimum-service requirement would be the shorter of 24 months of continuous active duty or the full period for which the individual was called or ordered to active duty. (The latter alternative would apply in the event that the armed services choose to offer initial enlistment periods of less than two years; it would also apply to reservists who are ordered to active duty for periods of less than two years.)

With respect to determinations as to whether the minimum-service requirement has been fulfilled, the Committees note that, under VA regulations that are applied to existing minimum-service requirements (for example, the 180-day requirement for certain peacetime veterans' eligibility for VA home loan guaranties), certain nonduty periods are excluded, such as time lost on absence without leave (without pay) or under arrest without acquittal. The Committees intend that the same exclusions be applied under this new provision in computing the total amount of time served, but do not intend that such an exclusion be considered a break in service for purposes of determining whether the individual's service was continuous.

The Committees note that the new title 38 provision would preclude, with respect to VA and other title 38 benefits, future occurrences of the anomalous situation (which can occur under the title 10 provision) whereby an individual would not be subject to the minimum-service requirement if he or she had already served any period of active duty prior to September 7, 1980, even though the period was less than two years.

For example, an individual with a pre-September 7, 1980, active-duty enlistment period of as little as one day who enters a subsequent period of active duty after September 7, 1980, is not subject to the minimum-service requirement in the title 10 provision. The compromise agreement would prevent such results with respect to those entering a period of active duty after the date of enactment, but would not take away any benefits eligibility that such persons may have by virtue of their prior service.

The compromise agreement provides exceptions to the minimum-service requirement for:

A person discharged under section 1171 (discharges for the convenience of the government up to 90 days prior to the expiration of an enlistment) or 1173 (hardship discharges for enlisted personnel who have dependents) of title 10.

A person discharged for a disability incurred or aggravated in line of duty. The Committees note that, as a result of this modification (for purposes of title 38 and other VA benefits eligibility) of the title 10 exception for disability discharges to include a requirement that the disability involved be incurred or aggravated in line of duty, those who originally enlisted after September 7, 1980, and are discharged before the date of enactment because of disability that the VA determines not to have been so incurred or aggravated would lose, as of the date of enactment, any general title 38 and VA benefits eligibility that they had by virtue of the broader title 10 exception.

Moreover, the compromise agreement specifies that the general preclusion of benefits would not be applied to:

A person who has a disability that the Administrator has determined to be compensable. The Committees note that this exception would be permanent and thus would not cease to apply if, following the Administrator's determination of compensability, the disability improved to the point of becoming noncompensable. On the other hand, the Committees note that, as a result of this modification (for purposes of title 38 and other VA benefits eligibility) of the title 10 exception for certain persons who have disabilities that were incurred during service, an individual who originally enlisted after September 7, 1980, and was discharged before the date of enactment would lose, as of the date of enactment, any general title 38 and VA benefits eligibility that they had by virtue of the title 10 exception as the result of a noncompensable disability.

The provision of a benefit specifically for or in connection with a service-connected disability, condition, or death. The Committees note that this exception is derived from the Senate bill with a modification to clarify that it applies (as intended by the Senate provision) to benefits provided on the basis of a service-connected death, for example, the service-connected burial benefit in section 907 of title 38.

Any benefits under chapter 19 of title 38, relating to insurance. The compromise agreement would provide for the application of this exception (and the companion exception noted below for survivors) retroactive to September 7, 1980, so as to ensure that no former service-member (or survivor) loses any title 38 insurance benefits as the result of either the title 10 or this new title 38 minimum-service requirement.

The compromise agreement expressly precludes, with certain exceptions, the provision of VA and title 38 benefits to the survivors and dependents of veterans as to whom the new provision requires the denial of benefits. The exceptions to this preclusion are benefits under chapters 19 (insurance) and 37 (home loans). The Committees note that this provision would not provide an exception to the preclusion of benefits for the survivors or dependents of a veteran in those cases where the veteran failed to fulfill the minimum-service requirement and is thus eligible only for benefits for or in connection with a noncompensable disability or condition.

The compromise agreement also defines the term "benefit" to include any right or privilege but not a refund of a participant's unused contributions under the education benefits program under chapter 32 (Post-Vietnam Era Veterans' Educational Assistance Program (VEAP)). The Committees note that, although they intend the term "benefits" to be broadly construed so as to include all title 38 and VA benefits and services of value that are provided to veterans, survivors, and dependents, it is not the Committees' intention that this new subsection be construed as having any effect at all on any procedural rights, privileges, or opportunities that are afforded in connection with any benefit—such as counseling services through which individuals are advised as to what, if any, benefits they may be eligible for and are assisted in making application for benefits, and rights in connection with the adjudication of claims for benefits.

In addition, the compromise agreement specifies that the new title 38 minimum-service requirement provision would not apply so as to withdraw entitlement to any benefit provided under law before the date of enactment and that, in the case of a person who received a certificate of eligibility for a VA home-loan guaranty under chapter 37 of title 38 before the date of enactment, he or she would continue thereafter to be eligible for that benefit. With respect to the provision to continue the VA guaranty eligibility in cases in which the certificate has already been issued, the Committees note that they are advised by the VA that recovery of such certificates would be administratively infeasible and that the integrity of the guaranty program requires that they be given effect.

Radiation literature review

The Senate bill, but not the House amendment, would require, effective on the date of enactment, the VA to conduct a review of the scientific and medical literature relating to the long-term health effects in humans of exposure to radiation from nuclear weapons tests and thereafter issue appropriate regulations for the resolution of claims based on such exposure.

The Senate recedes.

Chapter 35 delimiting period modification

The Senate bill, but not the House amendment, would amend section 2 of Public Law 90-631 to provide, effective on the date of enactment, that in the case of a spouse of a veteran whose death occurred prior to December 1, 1968 (the effective date of that law), but whose death was not determined to be service-connected until after such date, the spouse's delimiting period for the use of VA educational assistance benefits would begin on the date on which the death was determined to be service connected. The Senate bill would also amend, effective on the date of enactment, the criteria, in section 1712(b) of title 38, relating to the measurement of delimiting periods for spouses and surviving spouses to codify the VA's interpretation that the 10-year delimiting periods of certain surviving spouses are measured from the date on which the Administrator determines that the veteran died of a service-connected disability.

The House recedes.

Waiver of pro-rata refund policy requirement

The Senate bill, but not the House amendment, would amend section 1776 of title 38, effective on the date of enactment, to permit the Administrator to waive, in the case of a public institution of higher learning that is a candidate for accreditation, the requirement that non-accredited institutions of higher learning maintain a pro-rata refund policy when the Administrator determines that the small amount of tuition, fees, and other charges at the institution make such a requirement an undue administrative burden.

The House recedes with an amendment clarifying the type of educational institution that would be eligible for such a waiver.

The Committees have become aware of instances where educational benefits have been denied solely because a veteran's courses, to be pursued at a newly established community college, were not yet accredited and the college lacked the requisite refund policy. In some of these cases, the institutions involved were founded to meet the needs of their communities and were the only such institutions in the immediate vicinity. In such cases, although too new to have obtained accreditation, the institution had acquired "candidate" status, reflecting the potential eventually to become fully accredited, and the tuition and fees charged were governed by a State law providing for modest rates, with no provision for refunds. The Committees note that adoption of a pro-rata refund policy by the concerned colleges in such a situation would be unrealistic in terms of the small amounts of any refunds involved.

In the particular circumstances described above, the Committees believe that waiver of the pro-rata refund requirement would be merited. The Committees intend, however, that the VA narrowly construe and apply this provision which has been carefully drawn to provide relief only where compliance with the pro-rata refund requirement would be unduly burdensome and unrealistic due to the disproportionate administrative costs of refunding nominal amounts. This should be balanced, however, with the continuing need to guard against abuse by those who would seek to take advantage of veterans receiving federal benefits. The Committees expect the VA to monitor closely any waivers granted, and act promptly against any discovered abuse.

Hospital naming

The Senate bill, but not the House amendment, would, effective on the date of enactment, name the Veterans' Administration Medical Center in Reno, Nevada, the "Ioannis A. Lougaris VA Medical Center."

The House recedes with an amendment that would also, effective on the date of enactment, name the Veterans' Administration Medical Center in Clarksburg, West Virginia, the "Louis A. Johnson Veterans' Adminstration Medical Center." The Committees note that this proposal regarding the Clarksburg facility has been approved by the House Veterans' Affairs Committee's Screening Group for naming of VA medical facilities as meeting all criteria under the House Committee's guidelines on hospital namings: namely that the proposal is sponsored by the entire State delegation in the House and is endorsed in writing by the State component of each of the Congressionally chartered veterans' organizations, and generally, that the individual to be honored is a deceased veteran of a period of war who completed at least 25 years of employment in the Federal service or was the recipient of the Congressional Medal of Honor.

TITLE VII—EFFECTIVE DATES

Both the Senate bill and the House amendment make provision for the effective dates of the various provisions of the respective bills.

The compromise agreements provides that the provisions of titles I, II, and III would be effective on October 1, 1981, and, except as otherwise provided, the provisions of titles IV, V, and VI would be effective on the date of enactment; other provisions which would be effective on other specified dates or under specified circumstances are discussed elsewhere in this explanatory statement.

VETERANS' DISABILITY COMPENSATION, HOUSING, AND MEMORIAL BENEFITS AMENDMENTS OF 1981—COMPROMISE AGREEMENT

Mr. **Cranston**. Mr. President, I am pleased to rise on this first day of a new fiscal year and join the distinguished chairman of the Veterans' Affairs Committee in urging the Senate to approve the amendments of the Senate to the amendments of the House to S. 917, the proposed Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981. The provisions of the Senate substitute amendment embody a compromise agreed to after extensive negotiations between the two Veterans' Affairs Committees.

The compromise agreement contains provisions derived from S. 917 as passed by the Senate on July 24 and from the House substitute amendment to that legislation, the proposed Veterans' Compensation Amendments of 1981, as passed by the House in the nature of a substitute to S. 917 on September 21. We are acting most expeditiously, I believe—within 10 days of receiving the measure back from the other body with its substitute amendment.

As the ranking minority member of the committees, I believe the pending legislation represents a fair compromise of the differences between the two bodies on this legislation, the basic purposes of which lie at the very heart of veterans' programs—securing fair and just benefits for service-connected disabled veterans.

The recognition of the sacrifices made and the hardships incurred by our Nation's veterans are best reflected in our commitment to assuring that we meet the needs of those who bear the scars of battle and the dependents and survivors of those veterans who made the supreme sacrifice as the result of service to our country.

The needs of veterans who suffer from service-connected disabilities and the survivors of veterans who died from service-connected causes must always be our No. 1 priority in dealing with VA programs—a sacred commitment which must be kept as a fundamental part of past national defense efforts as well as of our capability of assuring our national security in the future.

This bill stands clearly for the proposition that, even in this time of severe budgetary constraints, the Congress is fully dedicated to honoring this Nation's debt to those veterans who have given so much of their health and lives so that all of us can live in freedom today.

Mr. President, the Senate's position on the matters addressed in the legislation—including a number of provisions derived from measures that I, joined by several of my colleagues on the Veterans' Affairs Committee, introduced earlier this year—are well represented in the compromise agreement. I believe that a number of provisions of the compromise agreement are particularly noteworthy, and I would like to take this opportunity to discuss them.

VA SERVICE-CONNECTED DISABILITY COMPENSATION RATE INCREASES

Mr. President, title I of the pending compromise agreement would provide increases, effective October 1, 1981, averaging 11.2 percent in the basic rates of service-connected disability compensation. Our yardstick for this increase, as has been the Senate's guiding philosophy for a number of years now, has been to provide an increase averaging no less than the increases in social security and VA pension rates effective the preceding July.

The Senate bill, Mr. President, would have provided for an 11.2-percent across-the-board increase in these allowances and rates. The House amendment would have increased the basic rates by an average of 11.3 percent and the other rates and allowances by 11.3 percent. The percentage increases in the House amendment varied for each percentile, ranging from 7.4 percent of those rated 10-percent service-connected-disabled to 20.1 percent for those rated 90 percent.

The theory of the House for the variation was to adjust the scale so that veterans with a greater disability receive a greater proportionate share of the increase. We generally concurred with the need for making such differential adjustments to provide more equitable rates at the upper range of the disability scale in relationship to the rates for those with 100-percent service-connected disabilities. However, we sought to simplify the way in which this result would be accomplished by providing for three ascending percentage increases for each triad of percentiles.

Thus, Mr. President, the rates of increases in the compromise agreement are as follows: For veterans rated 100-percent disabled, 11.2 percent; for veterans rated 70- through 90-percent disabled, 20 percent; for veterans rated 40- through 60-percent disabled, 12.6 percent; and for veterans rated 10- through 30-percent disabled, 8.0 percent. Title I of the compromise agreement would also provide, as did the Senate-passed bill, for 11.2-percent increases, effective October 1, 1981, in the rates of special monthly compensation payable to veterans for certain severe disabilities, the annual clothing allowance for certain severely disabled veterans, and the dependents' allowances payable to veterans rated 30 percent or more disabled. Title II would increase by 11.2 percent the rates of dependency and indemnity compensation—DIC—payable to surviving spouses and children of veterans whose deaths were service connected.

Thus, the compromise agreement provides for a much-needed cost-of-living increase in the rates of compensation for almost 2.3 million service-connected disabled veterans and in rates of DIC for almost 325,000 survivors of veterans who died of service-connected causes. It is my understanding that, if this measure is signed into law by October 19, the VA plans to issue by mid-November supplemental checks reflecting the increase for the month of October and that the checks issued for the month of November—those received on December 1—will reflect the new benefit rates.

AUTOMOBILE ASSISTANCE AND ADAPTIVE EQUIPMENT AMENDMENTS

Mr. President, title III of the compromise agreement would increase from $3,800 to $4,400 effective October 1, 1981, the amount of the automobile assistance allowance provided by the VA to veterans with certain severe, service-connected disabilities and would extend, also effective October 1, 1981, eligibility for the provision of automobile adaptive equipment to certain other service-connected disabled veterans.

These provisions are derived from a measure that I, joined by Senators Randolph, Matsunaga, DeConcini, Thurmond, Stafford, and Mitchell, introduced early in this session—S. 416, the proposed Automobile Assistance and Adaptive Equipment Amendments of 1981.

Under the program of automobile assistance—first established in 1946—veterans who have suffered the service-connected loss or loss of use of one or both feet or hands or service-connected blindness are entitled to a one-time VA grant to assist them in purchasing an automobile. Since the effective date of the last increase, which I authored in 1978, to the current level of $3,800—October, 1, 1978—the Bureau of Labor Statistics Consumer Price Index component for new automobiles has increased more than 22 percent.

Thus, the compromise agreement, by increasing the automobile assistance allowance to $4,400 will help to prevent the value of this benefit from being overtaken by inflation. Although the increase is not as much as I had proposed in S. 416 and the Senate approved on July 24—an increase to $5,000—I am pleased that members of the House committee were willing to meet us half way on this provision in recognition of the need for a reasonable increase.

Mr. President, the compromise agreement provision to extend, as I proposed in S. 416 and the Senate approved in S. 917, eligibility for adaptive equipment to certain individuals not eligible for the automobile purchase grant would provide eligibility under specified circumstances to a veteran who is entitled to service-connected compensation for ankylosis of one or both knees, or one or both hips, but who is not considered to have lost the use of a lower extremity.

I am very pleased that both Veterans' Affairs Committees share my view that it is appropriate that the Federal Government assist these veterans with the cost of the adaptive equipment necessary for them to operate a motor vehicle. In this case, the compromise agreement provides that the award would be made to provide adaptive equipment to overcome the resulting disability if the equipment is determined necessary for the veteran to satisfy his or her State's drivers' licensing laws or regulations and is determined by the VA's Chief Medical Director to be necessary for the veteran to operate his or her motor vehicle safely.

INCREASE IN SPECIALLY ADAPTED HOUSING ASSISTANCE

Section 502 of the compromise agreement would increase from $30,000 to $32,500, effective on the date of enactment, the maximum amount payable in specially adapted housing assistance under chapter 21 of title 38 to certain veterans with total and permanent service-connected disabilities. Under chapter 21 those veterans whose disabilities necessitate structural adaptations are eligible for a grant not to exceed 50 percent of the cost of a home and the necessary land, up to the prescribed maximum.

This provision in the compromise agreement derives from the provisions of another measure I introduced earlier this year—S. 415—with the same cosponsor as for S. 416. That measure would have provided an increase in the amount of maximum assistance to $35,000 and the committee and the Senate adopted that level in S. 917. Again, the House committee was willing to meet us half way in agreeing to an increase to the $32,500 level, the first increase since October 1, 1978. Thus, the compromise agreement will enable many in this special group of veterans eligible for the specially adapted housing assistance program to obtain assistance approximating 50 percent of the cost of their homes.

MOBILE HOME LOANS

Mr. President, section 503 of the compromise agreement represents a provision that I authored which was incorporated in S. 917 by virtue of a committee amendment offered by the distinguished majority leader (Mr. Baker), on behalf of Senator Simpson and myself, during the Senate's consideration of S. 917 on July 24.

This provision would amend section 1819 of title 38, relating to VA loan guaranties for the purchase of mobile homes and mobile home lots, to extend the maximum lengths of maturity of the various types of loans for such purchases that may be guaranteed by the VA and would thus conform the maximum terms of such loans guaranteed by the VA to the corresponding new maximum terms for FHA-insured manufactured housing loans that were enacted by Public Law 97-35, the Omnibus Budget Reconciliation Act of 1981.

VA and FHA loans, as well as other Federal commitments, are often pooled in large denominations and then sold on the secondary market. However, in order to pool such loans, the maturity dates need to be comparable so that all the loans in the pool mature at the same time. Facilitating the combined packaging of these loans for sale in the secondary market would serve to increase the overall availability of credit for veterans and would thus benefit veterans who choose to purchase manufactured housing.

Thus, I proposed and both Veterans' Affairs Committees have agreed to increase the maturity dates of VA-guaranteed loans from 15 to 20 years in the case of loans for a single-wide home and for a single-wide home and a lot; from 20 to 23 years for a double-wide home; and from 20 to 25 years for a double-wide home and a lot.

Mr. President, I welcome the administration's support for this provision as set forth in a September 10, 1981, letter, which I ask unanimous consent to be printed in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Veterans' Administration,
Department of Veterans Benefits,
Washington, D.C., September 10, 1981.

Hon. **Alan Cranston,**
Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Senator Cranston: We are advised that two measures are currently pending before your Committee proposing to extend the maximum repayment term of VA guaranteed mobile home loans.

One measure is H.R. 4085, 97th Congress; the other is S. 917, 97th Congress. The mobile home loan term extension is included in section 405 of this latter measure, which was added as a floor amendment when it was passed by the Senate. 120 Cong. Rec. S. 8409 (daily ed. July 24, 1981).

For the reasons stated below, the Veterans Administration supports such an extension, but would prefer the terms currently set forth in S. 917.

Both bills would extend the term of loans for the purchase of single-wide units, either with or without a lot, from 15 years and 32 days to 20 years and 32 days. Both would also extend the term of a loan for the purchase of a double-wide mobile home plus lot from 20 years and 32 days to 25 years and 32 days. Under S. 917, the term of a loan for the purchase of a double-wide unit without a lot would be extended from the present 20 years and 32 days to 23 years and 32 days, whereas under H.R. 4085 the period would be 25 years and 32 days. In addition, under S. 917, the term of a loan for the purchase of a lot only would remain at 15 years and 32 days, while H.R. 4085 would extend the term of such loan to 20 years and 32 days.

An extension of the terms of mobile home loans insured by the Secretary of Housing and Urban Development under section 2 of the National Housing Act was made by section 338 of the Omnibus Budget Reconciliation Act of 1981, Pub. L. No. 97-35.

The new terms of HUD insured mobile home loans are identical with those contained in S. 917.

The loans placed in Government National Mortgage Corporation (GNMA) mortgage pools must have similar terms and conditions. The proposed extension of the maximum repayment term of VA mobile home loans would facilitate the pooling of these VA loans with FHA title I loans which, in turn, would help increase the availability of funding for VA loans.

Enactment of an extension of the mobile home loan term would result in insignificant costs.

We have been advised by the Office of Management and Budget that there is no objection to the submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely yours,

Dorothy L. Starbuck,
Chief Benefits Director.

PAYMENT OF PENSION DURING CERTAIN PERIODS OF HOSPITALIZATION

Mr. **Cranston.** Section 602 of the compromise agreement, Mr. President, would amend section 3203(a) of title 38 to provide that the non-service-connected pension of certain hospitalized veterans not be reduced during certain periods of hospitalization during which the primary purpose of care is the provision of a prescribed program of rehabilitation services. This provision in the compromise agreement is based on provisions contained in both the Senate- and House-passed versions of this legislation designed to remove a disincentive for non-service-connected disabled veterans to participate in programs of rehabilitation.

The House-passed provision would have applied only to blinded veterans participating in a VA blind rehabilitation program. The Senate provision included my proposal to apply this concept to all VA pension recipients participating in VA rehabilitation programs rather than limit it only to blinded veterans.

I am grateful that the House Veterans' Affairs Committee shared my very strong feeling that this disincentive to participation in rehabilitation programs should be eliminated generally.

MISCELLANEOUS EDUCATIONAL ASSISTANCE AMENDMENTS

Mr. President, the compromise agreement also contains provisions in which I have a particular interest pertaining to educational assistance benefits under title 38.

First, the compromise agreement would amend a free-standing provision of Public Law 90-31 in order to modify the manner in which the delimiting period is measured in the case of a surviving spouse under chapter 35 for VA educational assistance for survivors and dependents. This provision, which I developed in consultation with the House committee and the VA, is designed to correct an inequity in existing law that came to the attention of the committee earlier this year.

Second, the amendment would amend chapter 36 of title 38 to provide for a waiver of a pro-rata refund requirement in the case of certain public institutions. This provision was incorporated in the Senate-passed version of S. 917 on the initiative of the Senator from Arizona (Mr. DeConcini) and is designed to deal with a particular situation which, according to the VA, is unique to Arizona.

VA ADMINISTRATIVE REORGANIZATION AND STAFFING LEVEL PROVISIONS

Mr. President, section 601 of the compromise agreement includes two very significant provisions, representing compromises with respect to provisions in the House amendment, that are designed to protect the integrity and efficiency of VA program operations. The first provision would require advance notice to the Congress of administrative reorganizations involving substantial reductions of employment levels in VA facilities and offices. The second provision would prohibit the use of funds appropriated for certain VA health care accounts for—and prohibit any VA employee paid from such funds from undertaking—the conduct of certain cost-comparison studies.

VA ADMINISTRATIVE REORGANIZATIONS

Under the provision requiring advance notice to Congress of certain reorganizations the Administrator would not be able to take action to implement any reorganization which involves specified levels of employment reductions and which has not been fully accomplished before the date of the enactment of this measure unless the Administrator has, no later than the date that the President submits the budget in January for the upcoming fiscal year, provided Congress with a detailed plan and justification for the reorganization. Thereafter, the planned reorganization would be prohibited from beginning to be implemented in any manner until the following October 1.

This provision would apply to planned employment reductions of 10 percent or more in any fiscal year of the number of fulltime-employee equivalents—FTEE's—permanently assigned to any VA office or facility that has 25 or more employees permanently assigned to it or is a free-standing outpatient clinic. This provision would also apply to employment reductions that would reduce the number of FTEE's permanently assigned to such an office, facility, or outpatient clinic in any fiscal year by a percentage which, when added to a percentage reduction made by an administration during the preceding fiscal year, is 15 percent or more.

Mr. President, I support this provision because I believe that, during these times of great pressure to reduce Federal programs, there is a great risk that unwise, substantial reorganizations that would impair the VA's ability to provide essential services to veterans may be forced on the agency.

Part of the reason for my concern in this regard springs from the extremely impractical reorganization proposed in March of this year as the result of an arbitrary $38-million cut in the President's budget request for the VA general operating expenses—GOE—account. That proposed March GOE cut, if it had been approved by the Congress, would have required a more than 2,000 FTEE reduction in VA nonhealth care employment levels. The only means that the agency could conceive of to implement the bulk of that reduction was a massive consolidation of its over 50 regional offices into three or fewer large regional centers.

This proposal—besides being impossible even to begin to implement in the course of 1 fiscal year—would have had a serious adverse impact on the effective administration of numerous veterans' entitlement programs. In the budget and appropriations processes thus far completed for fiscal year 1982, the Congress has rejected the proposed cut, and the reorganization plan was shelved temporarily.

However, it has now apparently been dusted off by the Office of Management and Budget as a basis for justifying in substantial part the President's September 28 proposed reduction—right back to the exact figure proposed by the President on March 10—of $55.8 million from the GOE account level approved by the House of Representatives in the fiscal year 1982 HUD-Independent Agencies Appropriations Act conference report and approved only yesterday by the Congress in the fiscal year 1982 continuing resolution, House Joint Resolution 325, as the level through November 20.

I would also emphasize, Mr. President, that this provision would not itself erect any barriers to the implementation, after the expiration of the advance notice period, of a planned reorganization. It would simply give the Congress a realistic opportunity to assess the plan and, if the Congress were in strong disagreement with the proposed reorganization or any particular aspect of it, to take appropriate oversight or, if necessary, legislative action to halt, limit, or otherwise modify the plan. The availability of the traditional annual compensation rate increase bill or of an appropriations measure each year would provide a convenient and timely vehicle for such legislative action if Congress should find it necessary to act adverse to such a planned reorganization.

CIRCULAR A-76 STUDIES

The second, related provision pertains to plans currently underway to implement Office of Management and Budget Circular A-76 in the VA's Department of Medicine and Surgery. Circular A-76 prescribes administrative policies for Federal agencies acquiring by contract commercial and industrial products and services, including health services. Under that circular, VA health care facilities across the Nation are being required by the Office of Management and Budget to conduct a vast number of studies, approximately 4,000, to evaluate the comparative costs of having various functions performed by private contractors rather than, as they now are, by VA employees. Under the circular, when those studies show that the services involved could be obtained more cheaply from private contractors, the agency would be required to proceed to acquire them by contract.

The provision in the compromise agreement would, effective on the date of enactment, require the cessation of activities to carry out those studies in VA health care facilities until such time as the Congress specifically makes appropriated funds available for them.

Mr. President, during the debate on the continuing resolution last week (Congressional Record S10481, daily ed. September 25, 1981), I expressed the concerns that I have about the diversion of VA health care funding to conduct these studies and about the push to contract out services currently being performed by VA health care facility employees.

Summarized briefly those concerns, which both Committees on Veterans' Affairs fully share are: First, the substantial costs involved—estimated at as high as $29 million—are being taken from funds appropriated for the provision of health care services; second, contracting out may prove to be counterproductive to the goal of good health care and may not even be cost-effective in the long run; and third, in light of the March 21, 1980, opinion of the VA General Counsel concluding that the contracting out of "basic medical care operations of D. M. & S. cannot be justified * * * legally," serious doubt exists that many of the functions being examined for purposes of their being contracted can lawfully be performed by private contractors.

Because of these concerns, on September 22, the other minority members of the Senate committee joined me in a letter to our distinguished colleague, the chairman of the committee (Mr. SIMPSON), recommending that a provision specifically along the lines of the one we are now proposing be included in this compromise agreement. On that same date, the other minority members and I also addressed a letter to the chairman to urge that the committee hold oversight hearings on these issues in October.

Mr. President, I ask unanimous consent that a copy of the letter be inserted in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C., September 22, 1981.

Hon. ALAN K. SIMPSON,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR AL: As you know, on July 29, the Veterans' Administration published in the Federal Register a schedule setting forth a timetable for VA action to "study certain commerical-industrial type activities" (CITAs) in the Department of Medicine and Surgery (DM&S) as part of the agency's compliance with OMB Circular A-76.

We recognize that there is a need to find economies in the VA budget, but we are concerned that there are many questions about the impact of OMB Circular A-76 on DM&S that should be answered before the VA goes forward in the manner anticipated by that Circular with wide-scale and very costly (some estimates are as high as $29 million) surveys of the feasibility of contracting out functions currently performed by DM&S employees.

Among the questions that we believe must be answered satisfactorily are ones concerning the impact on the overall ability of DM&S to fulfill its various missions, especially its primary mission of providing quality health care to eligible veterans and, in fact, whether A-76 as applied to those functions of DM&S that relate directly to this primary mission, is consistent with the statutory responsibilities of DM&S set forth in title 38. In an opinion issued on March, 21, 1980, the VA's General Counsel ruled that, in light of the specific statutory structure and functions of DM&S, "the application of A-76 to the basic medical care operations of DM&S cannot be justified legally. . . ."

As an example of the possible impact of Circular A-76 on DM&S, one of the CITAs that was listed for review in the schedule published in the Federal Register was food services, including preparation and delivery services. Many persons familiar with the DM&S system and with other health-care systems generally have suggested very persuasively that a medical center's dietetics service is an integral part of the health-care system and, thus, have questioned the result of such a contracting in terms of effective management of overall health care.

Questions have also been raised about the agency's ability to provide uninterrupted health care to eligible veterans if some, many, or most important functions were carried out by an outside contractor and the contractor became unable to provide the contracted services because of an employee work action, such as a strike, a result that is forbidden by current law. Another concern that has been raised about the impact of Circular A-76 is the possibility that once the agency contracts with a private entity for a service it will lose the capacity to perform the function in-house itself; in areas where there is only one qualified contractor available, that contractor would be in a position to demand increasingly greater fees for performing the function. We have received reports of such situations that have already occurred but have not yet had the opportunity to verify them.

Among those expressing concerns to us about Circular A-76 have been VA employees, both individually and collectively. We have also heard from organizations representing these employees. Naturally, many employees have expressed legitimate concerns about the impact of Circular A-76 on their own positions. Many also have raised larger concerns about the VA's overall ability to provide quality health care when many of the providers lack employee identification with or loyalty to the system.

Hence, we strongly question whether the initial phase of the agency's compliance with Circular A-76, as set forth in the Federal Register notice, in view of the very significant investment of funds, time, and effort that will be required, is warranted until there is a more complete understanding of whether and to what extent DM&S is being legally and properly required to comply with Circular A-76.

In light of these and other concerns, we strongly urge that the Committee hold at least one day of oversight hearings in October at which the Administration, including representatives of OMB involved with Circular A-76, veterans and veterans' organizations, VA employees and organizations who represent these employees, and others concerned could testify.

With warm regards,

Cordially,

ALAN CRANSTON,
JENNINGS RANDOLPH,
SPARK M. MATSUNAGA,
DENNIS DECONCINI,
GEORGE J. MITCHELL.

Mr. CRANSTON. Thus, Mr. President, I am pleased that both committees have determined that further close scrutiny of the issues involved is needed and will conduct oversight hearings in the near future. In the meantime, the committees believe—and have provided legislatively in the compromise agreement—that no further steps should be taken to implement Circular A-76 cost-comparison studies in VA health care facilities unless and until the Congress expressly decides to make funds available specifically for that particular purpose.

MEDICAL PERSONNEL STAFFING

Mr. President, section 601 of the compromise agreement also provides, effective October 1, 1981, a needed clarification of section 5010(a)(4) of title 38, relating to VA medical personnel staffing levels. Present section 5010(a)(4) requires that, after the enactment of each law making appropriations to the VA, the Director of the Office of Management and Budget provide the VA with the authority, together with the funds needed to carry out such authority, to employ not less than the numbers of employees for which the Congress has appropriate funds in three named VA health care accounts—medical care, medical and prosthetic research, and medical administration and miscellaneous operating expenses.

That section further requires the Director of OMB, within specified time periods, to certify to the appropriate committees of the Congress and to the Comptroller General that the personnel ceilings and funding have been provided to the VA and requires the Comptroller General to report to the appropriate committees of the Congress on the Director's certification.

The compromise agreement contains a provision amending section 5010(a)(4) solely for the purpose of clarifying that it applies to an appropriation law—such as a continuing resolution—that provides funding for only part of a fiscal year. This clarification of section 5010(a)(4) is needed in light of the position taken by OMB that the OMB Director's obligation under that section to provide funded personnel ceilings applies only when funds have been appropriated for a full fiscal year for the VA health care accounts involved and that the OMB Director thus has no obligation under section 5010(a)(4) in connection with a continuing resolution expiring before the end of a fiscal year.

Mr. President, this issue came to light in connection with a July 31, 1981, letter that I wrote to the Director of OMB questioning the adequacy of the July 1, 1981, certification he had provided under section 5010(a)(4) following the enactment of the Supplemental Appropriations and Rescission Act, 1981, Public Law 97-12. In a September 9, 1981, response that I received from the counsel to the OMB Director, he took the position that I have just described with respect to the Director's obligations under a continuing resolution.

Mr. President, I ask unanimous consent that this exchange of correspondence be inserted in the Record at this point.

There being no objection, the material was ordered to be printed in the Record, as follows:

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., July 1, 1981.

Hon. ALAN K. SIMPSON,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR ALAN: I certify that I have provided to the Medical Care, Medical and Prosthetic Research, and Medical Administration and Miscellaneous Operating Expense accounts of the Veterans' Administration all funds for those accounts provided by the Supplemental Appropriations and Rescission Act of 1981 (P.L. 97-12). FTE staffing allowances for these three accounts for fiscal year 1981 are 184,909, 4,443, and 853, respectively.

This certification is voluntarily forwarded notwithstanding the determination of the Counsel of the Office of Management and Budget, adhering to the determination made during the prior Administration, that no certification is required for periods covering less than a full fiscal year by Section 5010 (a)(4)(B) of Title 38, United States Code.

Sincerely,

DAVID A. STOCKMAN, *Director.*

Identical letters sent to: Honorable G. V. Montgomery, Honorable Milton J. Socolar.

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C., July 31, 1981.

Hon. DAVID A. STOCKMAN,
Director, Office of Management and Budget,
Washington, D.C.

DEAR DAVID: I recently saw a copy of your letter of July 1 to Senator Alan Simpson in his capacity as the Chairman of the Veterans' Affairs Committee, in which you certified that you had provided to three VA appropriations accounts (the Medical Care, Medical and Prosthetic Research, and Medical Administration and Miscellaneous Operating Expense accounts), "all funds" for these accounts provided by the Supplemental Appropriations and Rescission Act of 1981 (Public Law 97-12).

I have two concerns with regard to this letter. First, as the principal author in the Senate of section 301 of Public Law 96-151, which added paragraph (4) to section 5010 (a) of title 38, United States Code, I am unaware of any basis for the assertion, as made in your letter, that "no certification is required [by section 5010(a)(4)(B)] for periods covering less than a full fiscal year". In fact, I believe that the phrasing in the law as enacted by the Congress regarding the nature of the obligation established by this law—"[w]ith respect to *each* law making appropriations for the Veterans' Administration (section 5010(a)(4)(A)—emphasis added)—indicates the clear intention of the Congress that the certification obligation is applicable with reference to all appropriations actions affecting the VA, not simply to those actions providing appropriation for a full year. I would appreciate a copy of any analysis available to you that reaches a contrary results.

My second concern relates to the substance of the obligation established by section 5010(a)(4)(B). Under that provision, you, as the Director of OMB, are required to provide the VA with the "funded personnel ceiling [(for which appropriations have been made)] and the funds necessary to achieve such ceiling" for the fiscal year concerned and to certify to the appropriate committees of the Congress and to the Comptroller General that you have "provided such ceiling". In your letter of July 1, you certified that you had provided "all funds" for the three accounts and thereafter seemed simply to recite what the "FTE staffing allowances" for those accounts are. Thus, your letter did not explicitly state what you considered to be the numbers of full-time employee equivalents for which Congress had appropriated funds under the accounts involved, and therefore—due to the lack of clarity involved in the phrase "FTE staffing allowances . . . are"—did not clearly specify that you had provided the VA with the authority to employ those numbers of full-time employee equivalents.

I believe that your certifications would be more clear—and that a failure to comply fully with section 5010(a)(4) could be avoided in the future—if you would specify in future letters of certification regarding VA appropriations laws, that you have provided to the VA all of the funds appropriated for each of the accounts involved, that you have provided the VA with the authority to employ the number of full-time employee equivalents under each such account for which funds have been appropriated, and what that number of full-time employee equivalents is with respect to each account.

I look forward to your response to my concerns on this subject.

Cordially,

ALAN CRANSTON,
Ranking Minority Member.

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., September 9, 1981.

HON. ALAN CRANSTON,
Ranking Minority Member, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR SENATOR CRANSTON: This is in response to your letter to the Director concerning the requirement in 38 U.S.C. 5010(a)(4) that the Director, OMB, certify that he has provided to the Veterans Administration (VA) the funded personnel ceiling for which funds have been appropriated in specified accounts for any fiscal year.

Your first question concerns the Director's statement that a determination had been made in the previous Administration, and adhered to in this Administration, 'that no certification is required for periods covering less than a full fiscal year. . . ."

The referenced determination was originally made in the context of the Supplemental Appropriations and Rescission Act, 1980 (Public Law 96-304) which provided funds for increased pay costs but did not provide additional personnel positions.The previous Administration concluded that, under these circumstances, Public Law 96-304 did not trigger a new reporting requirement. When a similar situation arose this year, under the Supplemental Appropriations Act 1981 (Public Law 97-12), the Director did provide the certification which is the subject of your letter. To the extent that the letter, which I drafted for the Director's signature, suggests that OMB will not provide certification following any appropriation for less than a full fiscal year, the suggestion was inadvertent. When a law makes appropriations for the Veterans Administration which provide for a level of personnel through the end of the fiscal year, we intend to comply with the certification procedure.

On the other hand, different issues are present with respect to continuing resolutions or other appropriations actions that expire prior to the end of a fiscal year. Subsection 5010(a)(4)(B) imposes two duties upon the Director, OMB, as follows: ". . . the Director of the Office of Management and Budget shall, with respect to each such law (i) provide to the Veterans Administration for the fiscal year concerned such funded personnel ceiling and the funds necessary to achieve such ceiling, and (ii) submit to the appropriate committees of the Congress and to the Comptroller General of the United States certification that the Director has so provided such ceiling."

Obviously the Director cannot, under a continuing resolution which expires during a fiscal year, provide personnel ceilings or funds "for the fiscal year concerned."

Your second concern relates to the sentence in the Director's July 1 certification which reads "FTE staffing allowances for these three accounts for fiscal year 1981 are. . . ." You state that this language lacks clarity and falls short of full compliance with the Act. Perhaps the best response to your concern is the fact that the Comptroller General has reported to the Congress that the Director, in his July 1 certification, "has complied with the requirements of 38 U.S.C. 5010(a)(4). . . ." Nevertheless, in future certifications we will try to assure that no possible ambiguity exists.

Very truly yours,

MICHAEL J. HOROWITZ,
Counsel to the Director.

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., July 22, 1981.

Hon. DAVID A. STOCKMAN,
Director, Office of Management and Budget.

DEAR MR. STOCKMAN: The enclosed letter contains our opinion as to whether you have complied with the requirements of section 5010(a)(4) of title 38, United States Code to provide the Veterans Administration the funded personnel ceilings authorized by the Supplemental Appropriations and Rescission Act, 1981 (Public Law 97-12).

Sincerely yours,

MILTON J. SOCOLAR,
Acting Comptroller General of the United States.

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., July 22, 1981.

Hon. ALAN K. SIMPSON,
Chairman, Committee on Veterans' Affairs,
U.S. Senate.

DEAR MR. CHAIRMAN: As required by section 5010(a)(4) of title 38, United States Code (as added by section 301(a) of Public Law 96-151), we have reviewed the Office of Management and Budget's (OMB's) certification of the apportionment of staff ceilings and funds to the Veterans Administration's (VA's) medical care and certain related accounts for the Supplemental Appropriations and Rescission Act, 1981 (Public Law 97-12). Based on our analysis of VA and OMB data, we believe that the Director, OMB, has complied with the requirements of 38 U.S.C. 5010(a)(4) and has released to VA the funded personnel ceilings and funds made available in the supplemental act.

MEDICAL CARE

The supplemental act provided for the following actions under VA's medical care account:

Authorized a general supplemental increase of $79,967,000.

Disapproved the proposed deferral of $29,389,000 for 1,280 medical care positions (the equivalent of 1,280 staff years).

Rescinded $25,789,000 because only $3,600,000 is required to provide funding for these 1,280 publications for the remainder of fiscal year 1981.

Authorized $265,205,000 for increased pay costs for fiscal year 1981.

The net effect of these actions is a $348,772,000 increase to the medical care account. OMB has released these funds to VA and restored 320 staff years to this account as a result of the deferral disapproval.

By adding 320 staff years, OMB has, in effect, restored the 1,280 positions that were proposed for deferral but disapproved by the Congress. Since three quarters of fiscal year 1981 have already passed. VA needs 1,280 positions for only the remaining quarter—the equivalent of 320 staff years.

The new staff year allowance provided by OMB for medical care is 184,909. This figure is computed as follows:

Medical care staff years provided for by the fiscal year 1981 appropriation act (Public Law 96-526)	[1] 185,869
Positions (or staff years) involved in deferral action	−1,280
Staff years restored by OMB	+320
New medical care staff year allowance	184,909

[1] OMB certified on January 15, 1981, that 185,848 medical care staff years had been released to VA. This figure was later adjusted to 185,869 because of a change in VA's budget adjustment for common services (used to account for personnel working under other appropriation accounts).

MEDICAL AND PROSTHETIC RESEARCH

The supplemental act provided $7,917,000 for increased pay costs for medical research and disapproved the proposed deferral of $1,690,000 for this account. OMB has released all funds appropriated to VA and restored the 74 staff years affected by the proposed deferral action. As a result, the new staffing allowance for medical and prosthetic research is 4,443. This is the same figure originally released by OMB before the proposed deferral action.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

The supplemental act provided $1,591,000 for increased pay costs for medical administration and disapproved the proposed deferral of $515,000 for this account. OMB has released all funds appropriated to VA and restored the 14 staff years affected by the proposed deferral action. The new staffing allowance for medical administration and miscellaneous operating expenses is 853. This is the same figure originally released by OMB before the proposed deferral action.

Please let me know if we can provide any further assistance in this matter.

Sincerely yours,

MILTON J. SOCOLAR,
Acting Comptroller General of the United States.

Mr. CRANSTON. Mr. President. I would note that the House amendment to S. 917 would have expanded the provisions of section 5010(a)(4) to include all VA personnel compensated through appropriated funds. Our committee did not agree to include that provision and it, therefore, is not included in the compromise agreement. We have not yet perceived as great a need for including non-health care personnel within the scope of this extraordinary provision as there has been and continues to be with respect to Department of Medicine and Surgery personnel.

However, I along with other members of the Veterans' Affairs Committees, will be following very closely the use made of fiscal year 1982 funds that are appropriated for specified personnel levels under the GOE and construction accounts. If necessary, we will reexamine the need to expand section 5010(a)(4).

I also wish to point out, Mr. President, the very detailed expression of the views of both committees, in the explanatory statement being inserted into the Record by our distinguished committee chairman, as it will also be made a part of the deliberations, in the other body, on section 5010(a)(4).

MINIMUN-SERVICE REQUIREMENT

Mr. President, both the Senate bill and the House amendment contained provisions to incorporate in title 38 a general 2-year minimum-service requirement for VA-administered benefits for persons who initially enter active duty after the date of enactment of this measure. The Senate version also included other title 38 benefits eligibility within the scope of the requirement.

Thus, both the Senate and house measures would, with respect to benefits administered by the VA—and, in the Senate bill, also with respect to other title 38 benefits—supersede, by replacing and modifying, the general 2-year minimum-service requirement in section 977 of title 10, which was added by section 1002(a) of Public Law 96-342, the Department of Defense Authorization Act, 1981, and took effect on September 8, 1980, the date of that law's enactment. The existing title 10 provision applies to all Federal benefits based on active duty service but imposes a minimum-service requirement only with respect to enlisted personnel.

The Senate bill also contained a provision to establish that, notwithstanding any other provision of law, only the minimum-service requirements set forth in title 38 shall apply with respect to VA and title 38 benefits eligibility based on the service of a person who initially enters active duty after September 7, 1980.

Mr. President, section 608 of the compromise agreement would incorporate in title 38, in a new section 3103A, a general 2-year minimum-service requirement—applicable to officers as well as enlisted personnel and to commissioned officers of the Public Health Service and National Oceanic and Atmospheric Administration—as well as the provision constituting title 38 as the exclusive source of any minimum-service requirement for title 38 and VA benefits eligibility for those who initially enter active duty after September 7, 1980.

Proposed new section 3103A reflects a very lengthy, painstaking effort on the part of both committees in consultation with the Armed Services Committee in both bodies, with very valuable help from the VA and other agencies, to fashion a provision that blends the positions that each body had taken and deals fairly and equitably with the individuals concerned. I believe that that effort has been successful. I call special attention to the very complete discussion of this provision in the explanatory statement to which I previously referred.

It is my belief, Mr. President, that upon enactment of this new provision in this measure, the Armed Services Committee should proceed to recommend legislation repealing section 977, and Senator Simpson and I plan to introduce shortly appropriate legislation to this effect.

RADIATION LITERATURE REVIEW

Mr. President, I regret very deeply that the compromise agreement does not contain a provision, which I authored, that would have required the VA to conduct a review and analysis of literature relating to the long-term adverse health effects of human exposure to radiation and would have required the VA to consult with and actively coordinate with other Federal Government entities involved in radiation exposure-related activities.

The purpose of the review, which would have been similar to that which the VA is conducting pursuant to section 307 of Public Law 96-151, on literature regarding dioxin, the highly toxic contaminant in agent orange, was to assure that the VA is fully informed about and would pull together available relevant scientific information regarding radiation exposure. I believed that such a review would enhance the VA's capacity to resolve fairly and consistently the very complex issues involved in radiation-related VA compensation and DIC claims.

Approximately 250,000 Defense Department personnel participated in nuclear weapons tests between 1945 and 1963. In addition, an estimated 25,000 service personnel served in the U.S. occupation forces in Hiroshima and Nagasaki following the atomic bombings of those cities during World War II. During the 96th Congress, I chaired hearings on the difficulties experienced by veterans in pursuing claims, through the VA adjudication process, for health problems they believe are related to their exposure to radiation during service and by veterans' survivors who believe that the veterans' deaths resulted from radiation-related causes.

Resolving such claims is complicated because the long-term health effects of exposure to low levels of radiation are not yet completely understood. However, it is clear that human exposure to certain levels of radiation causes—usually after a latency period of many years—an increased incidence of malignant tumors and also can cause genetic damage. Today, even though the controversy continues as to what specific health problems might result from exposure to low levels of radiation, scientists are in general agreement that there is no completely safe level of exposure to radiation.

Information received during the committee's hearings in the last Congress—and related hearings held by other congressional committees during the 95th and 96th Congresses—demonstrated that the Government failed to follow up medically on these veterans to determine what, if any, adverse health effects might be related to their exposure.

Thus, there is little information available related directly to the experience of this population. In dealing with radiation-related claims, the VA has relied heavily on comprehensive reviews such as the 1972 and the 1980 reports of the committee on Biological Effects of Ionizing Radiation—known as BEIR—of the National Academy of Sciences and the 1977 report of the Scientific Committee on the Effects of Atomic

Radiation of the United Nations. These reviews were concerned primarily with determining minimum exposure levels that might be considered safe. Their relevance to the case-by-case adjudication of individual veteran's claims and their utility in adjudicating those claims may vary greatly.

Further, as the General Accounting Office pointed out in its January 2, 1981, report entitled "Problems in Assessing the Cancer Risks of Low-Level Ionizing Radiation Exposure"—EMD-81-1—some 80,000 articles have been published internationally on the health effects of ionizing radiation. In my view, the VA, for the purpose of reaching reasonable determinations with respect to these claims, should be required, as the provision I authored would have done, to pull together and analyze the available scientific literature and to determine where updating is needed or gaps in available research need to be filled.

Mr. President, despite my best efforts to persuade my colleagues in the House to accept the Senate provision, I was not successful. Nor have I been successful thus far in my efforts to have the administration support this legislative program.

Nevertheless, I remain convinced of the value of such a literature review, and I urge the Administrator to take appropriate action, within existing authority, to insure that the agency is aware, to the maximum extent feasible, of the available literature on the health effects of exposure to radiation and that this information is made available in a useful format to all VA employees directly involved with resolving claims for benefits based on such exposure or who otherwise deal with veterans who have experienced such exposure. Likewise, I urge the Administrator to develop and foster all possible coordination and cooperation with other governmental entities involved in the conduct of research and in other scientific and medical efforts in the area of radiation exposure.

CONCLUSION

Mr. President, we have pending before us another example of an excellent bipartisan effort that reflects our commitment to meeting the needs of those who have served this Nation in time of need. The distinguished chairmen of both committees, Senator Simpson and Congressman Montgomery, deserve congratulations for the development of this measure, as does the ranking minority member (Mr. Hammerschmidt) of the House Veterans' Affairs Committee.

In addition, I want to express my deep appreciation for their excellent work on this measure to staff members of the House committee, Mack Fleming, Rufus Wilson, Arnold Moon, and Charles Peckarsky; to Robert Cover, assistant counsel, House Legislative Counsel's Office, and to members of our committee staff, Julie Susman and Ken Bergquist, and Ken's successor, Tom Harvey—who, though on board for but a few days, has played a most constructive role in facilitating our agreement on this measure. Special thanks, of course, for the work of the members of the minority staff, Babette Polzer, Bill Brew, Ed Scott, Jon Steinberg, Ingrid Post, and Charlotte Hughes.

Mr. President, the compromise agreement now before the Senate is an excellent one, and it has my complete support.

I urge my colleagues to approve it unanimously.

Mr. BAKER. Mr. President, I move that the Senate concur in the amendments of the House with the amendments I have sent to the desk.

The motion was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

APPENDIX E

PUBLIC LAW 97-66—OCT. 17, 1981

VETERANS' DISABILITY COMPENSATION, HOUSING, AND MEMORIAL BENEFITS AMENDMENTS OF 1981

Public Law 97-66
97th Congress

An Act

Oct. 17, 1981
[S. 917]

To amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans, to increase the rates of dependency and indemnity compensation for the surviving spouses and children of disabled veterans, to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment plans, to increase the maximum amount payable under the Veterans' Administration automobile assistance and specially adapted housing assistance programs, to expand eligibility for memorial markers, to require advance notification to Congress regarding certain Veterans' Administration reorganizations, and to limit expenditures of medical appropriations in connection with contracting-out studies; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981.
38 USC 101 note.

SHORT TITLE; AMENDMENTS TO TITLE 38, UNITED STATES CODE

SECTION 1. (a) This Act may be cited as the "Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981".

(b) Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—VETERANS' DISABILITY COMPENSATION BENEFITS

INCREASES IN RATES OF DISABILITY COMPENSATION

94 Stat. 1528.
38 USC 314.

SEC. 101. (a) Section 314 is amended—

(1) by striking out "$54" in subsection (a) and inserting in lieu thereof "$58";

(2) by striking out "$99" in subsection (b) and inserting in lieu thereof "$107";

(3) by striking out "$150" in subsection (c) and inserting in lieu thereof "$162";

(4) by striking out "$206" in subsection (d) and inserting in lieu thereof "$232";

(5) by striking out "$291" in subsection (e) and inserting in lieu thereof "$328";

(6) by striking out "$367" in subsection (f) and inserting in lieu thereof "$413";

(7) by striking out "$434" in subsection (g) and inserting in lieu thereof "$521";

(8) by striking out "$503" in subsection (h) and inserting in lieu thereof "$604";

(9) by striking out "$566" in subsection (i) and inserting in lieu thereof "$679";

(10) by striking out "$1,016" in subsection (j) and inserting in lieu thereof "$1,130";

(11) by striking out "$1,262" and "$1,768" in subsection (k) and inserting in lieu thereof "$1,403" and "$1,966", respectively;

(12) by striking out "$1,262" in subsection (l) and inserting in lieu thereof "$1,403";

(13) by striking out "$1,391" in subsection (m) and inserting in lieu thereof "$1,547";

(14) by striking out "$1,581" in subsection (n) and inserting in lieu thereof "$1,758";

(15) by striking out "$1,768" each place it appears in subsections (o) and (p) and inserting in lieu thereof "$1,966";

(16) by striking out "$759" and "$1,130" in subsection (r) and inserting in lieu thereof "$844" and "$1,257", respectively;

(17) by striking out "$1,137" in subsection (s) and inserting in lieu thereof "$1,264"; and

(18) by striking out "$219" in subsection (t) and inserting in lieu thereof "$244".

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

38 USC 314 note.

38 USC note prec. 101.

38 USC 301 *et seq.*

INCREASES IN RATES OF ADDITIONAL COMPENSATION FOR DEPENDENTS

SEC. 102. Section 315(1) is amended—

94 Stat. 1529.
38 USC 315.

(1) by striking out "$62" in clause (A) and inserting in lieu thereof "$69";

(2) by striking out "$104" in clause (B) and inserting in lieu thereof "$116";

(3) by striking out "$138" in clause (C) and inserting in lieu thereof "$153";

(4) by striking out "$173" and "$34" in clause (D) and inserting in lieu thereof "$192" and "$38", respectively;

(5) by striking out "$42" in clause (E) and inserting in lieu thereof "$47";

(6) by striking out "$77" in clause (F) and inserting in lieu thereof "$86";

(7) by striking out "$111" and "$34" in clause (G) and inserting in lieu thereof "$123" and "$38", respectively;

(8) by striking out "$50" in clause (H) and inserting in lieu thereof "$56";

(9) by striking out "$112" in clause (I) and inserting in lieu thereof "$125"; and

(10) by striking out "$94" in clause (J) and inserting in lieu thereof "$105".

INCREASE IN CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS

SEC. 103. Section 362 is amended by striking out "$274" and inserting in lieu thereof "$305".

94 Stat. 1529.
38 USC 362.

INCREASES IN COMPENSATION PAYABLE TO CERTAIN SEVERELY DISABLED VETERANS

SEC. 104. Section 314 is amended—

38 USC 314.

(1) in subsection (l), by striking out "both hands, or";

(2) in subsection (m), by striking out "two extremities at a level, or with complications, preventing natural elbow or knee action with prosthesis" and inserting in lieu thereof "both hands, or of both legs at a level, or with complications, preventing natural knee action with prostheses in place, or of one arm and one leg at levels, or with complications, preventing natural elbow and knee action with prostheses";

(3) in subsection (n), by striking out "of two extremities so near the shoulder or hip as to prevent the use of a prosthetic appliance" and inserting in lieu thereof "or loss of use of both arms at levels, or with complications, preventing natural elbow action with prostheses in place, has suffered the anatomical loss of both legs so near the hip as to prevent the use of prosthetic appliances, or has suffered the anatomical loss of one arm and one leg so near the shoulder and hip as to prevent the use of prosthetic appliances,"; and

(4) in subsection (o), by inserting "or if the veteran has suffered the anatomical loss of both arms so near the shoulder as to prevent the use of prosthetic appliances," after "less,".

TITLE II—SURVIVORS' DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS

INCREASES IN RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES

94 Stat. 1529.
38 USC 411.

SEC. 201. (a) Subsection (a) of section 411 is amended to read as follows:

"(a) Dependency and indemnity compensation shall be paid to a surviving spouse, based on the pay grade of the person upon whose death entitlement is predicated, at monthly rates set forth in the following table:

"Pay grade	Monthly rate	"Pay grade	Monthly rate
E-1	$415	W-4	$595
E-2	428	O-1	525
E-3	438	O-2	542
E-4	466	O-3	580
E-5	479	O-4	613
E-6	490	O-5	676
E-7	514	O-6	761
E-8	542	O-7	824
E-9	[1]567	O-8	903
W-1	525	O-9	970
W-2	546	O-10	[2]1,061
W-3	562		

"[1] If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $610.

"[2] If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,138.".

(b) Subsection (b) of such section is amended by striking out "$43" and inserting in lieu thereof "$48".

(c) Subsection (c) of such section is amended by striking out "$112" and inserting in lieu thereof "$125".

(d) Subsection (d) of such section is amended by striking out "$56" and inserting in lieu thereof "$62".

INCREASES IN RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

94 Stat. 1530.
38 USC 413.

SEC. 202. Section 413 is amended—

(1) by striking out "$189" in clause (1) and inserting in lieu thereof "$210";

(2) by striking out "$271" in clause (2) and inserting in lieu thereof "$301";

(3) by striking out "$350" in clause (3) and inserting in lieu thereof "$389"; and

(4) by striking out "$350" and "$71" in clause (4) and inserting in lieu thereof "$389" and "$79", respectively.

INCREASES IN RATES OF SUPPLEMENTAL DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

94 Stat. 1530.
38 USC 414.

SEC. 203. Section 414 is amended—

(1) by striking out "$112" in subsection (a) and inserting in lieu thereof "$125";

(2) by striking out "$189" in subsection (b) and inserting in lieu thereof "$210"; and

(3) by striking out "$96" in subsection (c) and inserting in lieu thereof "$107".

MISCELLANEOUS DEPENDENCY AND INDEMNITY COMPENSATION AMENDMENTS

38 USC 413.

SEC. 204. (a) Section 413 is amended by inserting "(a)" before "Whenever", and by adding at the end the following new subsection:

"(b) If dependency and indemnity compensation has been awarded under this section to a veteran's child or children and the entitlement to dependency and indemnity compensation under this section of an additional child of that veteran who is over the age of eighteen years and who had previously been entitled to dependency and indemnity compensation under this section before becoming eighteen years of age is later reestablished effective retroactively upon determination that such child is pursuing a course of instruction at an approved educational institution, the amount payable retroactively to the additional child is the amount equal to the difference between the total of the increased award payable under this section to the children of the deceased veteran for the retroactive period and the prior total award for such purpose for that period.".

38 USC 3010.

(b) Section 3010(e) is amended—

(1) by striking out "The" and inserting in lieu thereof "(1) Except as provided in paragraph (2) of this subsection, the"; and

(2) by adding at the end the following new paragraph:

Ante, p. 1028.

"(2) In the case of a child who is eighteen years of age or over and who immediately before becoming eighteen years of age was counted under section 411(b) of this title in determining the amount of the dependency and indemnity compensation of a surviving spouse, the effective date of an award of dependency and indemnity compensation to such child shall be the date the child attains the age of eighteen years if application therefor is received within one year from such date.".

TITLE III—AUTOMOBILE ASSISTANCE AND ADAPTIVE EQUIPMENT

INCREASE IN AUTOMOBILE ASSISTANCE AMOUNT

38 USC 1902.

SEC. 301. Section 1902(a) is amended by striking out "$3,800" and inserting in lieu thereof "$4,400".

EXTENSION OF ELIGIBILITY FOR ADAPTIVE EQUIPMENT ASSISTANCE

SEC. 302. Section 1902(b) is amended—

(1) by inserting "(1)" before "The"; and

(2) by adding at the end the following new paragraph:

"(2) In the case of any veteran (other than a person eligible for assistance under paragraph (1) of this subsection) who is entitled to compensation for ankylosis of one or both knees, or one or both hips, the Administrator, under the terms and conditions set forth in subsections (a), (c), and (d) of section 1903 of this title and under regulations which the Administrator shall prescribe, shall provide such adaptive equipment to overcome the disability resulting from such ankylosis as (A) is necessary to meet the applicable standards of licensure established by the State of such veteran's residency or other proper licensing authority for the operation of such veteran's automobile or other conveyance by such veteran, and (B) is determined to be necessary by the Chief Medical Director for the safe operation of such automobile or other conveyance by such veteran.".

TECHNICAL AMENDMENTS

38 USC 1902, 1903.

SEC. 303. Sections 1902 and 1903(b) are amended by striking out "he" each place it appears and inserting in lieu thereof "the Administrator" and by striking out "his" each place it appears and inserting in lieu thereof "such person's".

TITLE IV—LIFE INSURANCE PROGRAM AMENDMENTS

INCREASES IN MAXIMUM AMOUNTS OF LIFE INSURANCE

38 USC 767.

SEC. 401. (a) Section 767 is amended—

(1) in subsection (a)—

(A) by striking out "$20,000" and inserting in lieu thereof "$35,000"; and

(B) by inserting "$30,000, $25,000, $20,000" after "or (B) to be insured in the amount of";

(2) in subsection (c)—

(A) by inserting "$30,000, $25,000, $20,000" after "or to be insured in the amount of"; and

(B) by inserting "$35,000, $30,000, $25,000" after "or insured in the amount of"; and

(3) by adding at the end of such section the following new subsection:

"(d) Notwithstanding any other provision of this section, any member who on the effective date of this subsection is a member of the Retired Reserve of a uniformed service (or who upon application would be eligible for assignment to the Retired Reserve of a uniformed service) may obtain increased insurance coverage up to a maximum of $35,000 (in any amount divisible by $5,000) if—

"(1) the member—

"(A) is insured under this subchapter on the effective date of this subsection; or

"(B) within one year after the effective date of this subsection, reinstates insurance under this subchapter that had lapsed for nonpayment of premiums; and

"(2) the member submits a written application for the increased coverage to the office established pursuant to section 766(b) of this title within one year after the effective date of this subsection.".

(b) Section 777(a) is amended— 38 USC 777.

(1) by striking out "or $20,000" in the first sentence and inserting in lieu thereof "$20,000, $25,000, $30,000, or $35,000";

(2) by striking out "$20,000" in the second sentence and inserting in lieu thereof "$35,000"; and

(3) by striking out "$20,000" both places it appears in the fourth sentence and inserting in lieu thereof "$35,000".

COLLECTION OF AMOUNTS FOR SERVICEMEN'S GROUP LIFE INSURANCE PROGRAM

SEC. 402. Section 769 is amended by adding at the end the following new subsection: Regulations. 38 USC 769.

"(f) The Secretary of Defense shall prescribe regulations for the administration of the functions of the Secretaries of the military departments under this section. Such regulations shall prescribe such procedures as the Secretary of Defense, after consultation with the Administrator, may consider necessary to ensure that such functions are carried out in a timely and complete manner and in accordance with the provisions of this section, including specifically the provisions of subsection (a)(2) of this section relating to contributions from appropriations made for active duty pay.".

BENEFICIARY'S RIGHT TO ELECT ONE-SUM PAYMENT

SEC. 403. (a) Section 717(c) is amended— 38 USC 717.

(1) by striking out "Unless" in the first sentence and inserting in lieu thereof "Except as provided in the second and third sentences of this subsection, unless"; and

(2) by inserting the following new sentence after the second sentence: "In the case of insurance maturing after September 30, 1981, and for which no option has been elected by the insured, the first beneficiary may elect to receive payment in one sum.".

(b) Section 752(a) is amended by adding at the end the following new sentence: "Notwithstanding any provision to the contrary in any insurance contract, the beneficiary may, in the case of insurance maturing after September 30, 1981, and for which the insured has not exercised the right of election of the insured as provided in this subchapter, elect to receive payment of the insurance in one sum.". 38 USC 752.

TITLE V—VETERANS' ADMINISTRATION HOUSING BENEFITS

ESTABLISHMENT OF GRADUATED-PAYMENT PLANS IN VETERANS' ADMINISTRATION LOAN GUARANTY PROGRAM

SEC. 501. (a) Section 1803(d)(2) is amended— 38 USC 1803.

(1) by inserting "(A)" after "(2)"; and

(2) by adding at the end the following new subparagraphs:

Loan guarantee.

"(B) The Administrator may guarantee loans with provisions for various rates of amortization corresponding to anticipated variations in family income. With respect to any loan guaranteed under this subparagraph—

"(i) the initial principal amount of the loan may not exceed the reasonable value of the property as of the time the loan is made; and

"(ii) the principal amount of the loan thereafter (including the amount of all interest to be deferred and added to principal) may not at any time be scheduled to exceed the projected value of the property.

"(C) For the purposes of subparagraph (B) of this paragraph, the projected value of the property shall be calculated by the Administrator by increasing the reasonable value of the property as of the time the loan is made at a rate not in excess of 2.5 percent per year, but in no event may the projected value of the property for the purposes of such subparagraph exceed 115 percent of such reasonable value. A loan made for a purpose other than the acquisition of a single-family dwelling unit may not be guaranteed under such subparagraph.".

38 USC 1828.

(b) Section 1828 is amended—

(1) by inserting "(1)" after "constitution or law"; and

(2) by inserting "(2) restricting the manner of calculating such interest (including prohibition of the charging of interest on interest), or (3) requiring a minimum amortization of principal," after "lenders,".

INCREASE IN MAXIMUM AMOUNTS OF SPECIALLY ADAPTED HOUSING ASSISTANCE

94 Stat. 1531.
38 USC 802.

SEC. 502. Section 802 is amended—

(1) in subsection (a)—

(A) by striking out "$30,000" and inserting in lieu thereof "$32,500";

(B) by striking out "him" each place it appears and inserting in lieu thereof "such veteran"; and

(C) by striking out "his" in clause (3) and inserting in lieu thereof "such veteran's"; and

(2) by striking out "section 804(b)(2)" in subsection (b) and inserting in lieu thereof "section 804(b)".

EXTENSIONS OF MAXIMUM TERMS OF GUARANTEED LOANS FOR MOBILE-HOME PURCHASES

38 USC 1819.

SEC. 503. Paragraph (1) of section 1819(d) is amended to read as follows:

"(1) The maturity of any loan guaranteed under this section shall not be more than—

"(A) fifteen years and thirty-two days, in the case of a loan for the purchase of a lot;

"(B) twenty years and thirty-two days, in the case of a loan for the purchase of—

"(i) a single-wide mobile home; or

"(ii) a single-wide mobile home and a lot;

"(C) twenty-three years and thirty-two days, in the case of a loan for the purchase of a double-wide mobile home; or

"(D) twenty-five years and thirty-two days, in the case of a loan for the purchase of a double-wide mobile home and a lot.".

TECHNICAL AMENDMENTS

38 USC 1826.

SEC. 504. Section 1826 is amended—

(1) by striking out subsection (a); and

(2) by striking out "(b)".

TITLE VI—MISCELLANEOUS PROVISIONS

VETERANS' ADMINISTRATION ADMINISTRATIVE REORGANIZATIONS; REQUIRED STAFFING LEVEL AUTHORITIES

38 USC 210.

SEC. 601. (a)(1) Section 210(b) is amended—

(A) by inserting "(1)" after "(b)"; and

(B) by adding at the end the following new paragraph:

Report to congressional committees.

"(2)(A) The Administrator may not in any fiscal year implement an administrative reorganization described in subparagraph (B) of this paragraph unless the Administrator first submits to the appropriate committees of the Congress a report containing a detailed plan and justification for the administrative reorganization. Any such report shall be submitted not later than the day on which the President, pursuant to section 201(a) of the Budget and Accounting Act, 1921 (31 U.S.C. 11(a)), submits to the Congress the Budget for the fiscal year in which the administrative reorganization is to be implemented. No action to carry out such reorganization may be taken after the submission of such report until the first day of such fiscal year.

"(B) Subparagraph (A) of this paragraph applies only to an administrative reorganization within the Veterans' Administration that involves a reduction during any fiscal year in the number of full-time equivalent employees with permanent duty stations at a covered office or facility—

"(i) by 10 percent or more, or

"(ii) by a percent which, when added to the percent reduction under this subsection in the number of such employees with permanent duty stations at such office or facility during the preceding fiscal year, is 15 percent or more.

"(C) For the purposes of this paragraph—

"Administrative reorganization."

"(i) The term 'administrative reorganization' means a consolidation, elimination, abolition, or redistribution of functions under the authority granted the Administrator under the second sentence of paragraph (1) of this subsection.

"Covered office or facility."

"(ii) The term 'covered office or facility' means a Veterans' Administration office or facility that is the permanent duty station for 25 or more employees or that is a free-standing outpatient clinic.".

38 USC 210 note.

(2) Paragraph (2) of section 210(b) of title 38, United States Code, as added by paragraph (1), does not apply to an administrative reorganization (as defined in such paragraph (2)) that is fully accomplished before the date of the enactment of this Act.

38 USC 5010.

(b) Section 5010(a) is amended—

(1) in paragraph (4)—

(A) by inserting "for any fiscal year (or any part of a fiscal year)" in subparagraph (A) after "for the Veterans' Administration"; and

(B) by inserting "(or part of a fiscal year)" after "fiscal year" the first place it appears in subparagraph (B) and both places it appears in subparagraph (D); and

(2) by adding at the end the following new paragraph:

"(5) Notwithstanding any other provision of this title or of any other law, funds appropriated for the Veterans' Administration under the appropriation accounts for medical care, medical and prosthetic research, and medical administration and miscellaneous operating expenses may not be used for, and no employee compensated from such funds may carry out any activity in connection with, the conduct of any study comparing the cost of the provision by private contractors with the cost of the provision by the Veterans' Administration of commercial or industrial products and services for the Department of Medicine and Surgery unless such funds have been specifically appropriated for that purpose.".

CONTINUED PAYMENT OF PENSION TO CERTAIN HOSPITALIZED VETERANS UNDERGOING A PRESCRIBED PROGRAM OF REHABILITATION

38 USC 3203.

SEC. 602. Paragraph (1) of section 3203(a) is amended—

(1) by striking out "Where" in subparagraph (B) and inserting in lieu thereof "Except as provided in subparagraph (D) of this paragraph, where"; and

(2) by adding at the end the following new subparagraph:

"(D) In the case of a veteran being furnished hospital or nursing home care by the Veterans' Administration and with respect to whom subparagraph (B) of this paragraph requires a reduction in pension, such reduction shall not be made for a period of up to three additional calendar months after the last day of the third month referred to in such subparagraph if the Administrator determines that the primary purpose for the furnishing of such care during such additional period is for the Veterans' Administration to provide such veteran with a prescribed program of rehabilitation services, under chapter 17 of this title, designed to restore such veteran's ability to function within such veteran's family and community. If the Administrator determines that it is necessary, after such period, for the veteran to continue such program of rehabilitation services in order to achieve the purposes of such program and that the primary purpose of furnishing hospital or nursing home care to the veteran continues to be the provision of such program to the veteran, the reduction in pension required by subparagraph (B) of this paragraph shall not be made for the number of calendar months that the Administrator determines is necessary for the veteran to achieve the purposes of such program.".

38 USC 601 *et seq.*

HEADSTONES, MARKERS, AND MEMORIAL AREAS

38 USC 906.

SEC. 603. (a) Subsection (b) of section 906 is amended to read as follows:

"(b) The Administrator shall furnish, when requested, an appropriate memorial headstone or marker for the purpose of commemorating any veteran—

"(1) whose remains have not been recovered or identified,

"(2) whose remains were buried at sea, whether by the veteran's own choice or otherwise,

"(3) whose remains were donated to science, or

"(4) whose remains were cremated and the ashes scattered without interment of any portion of the ashes,

for placement by the applicant in a national cemetery area reserved for such purpose under the provisions of section 1003 of this title or in a State, local, or private cemetery.".

38 USC 1003.

(b) Subsection (a) of section 1003 is amended to read as follows:

"(a) The Administrator shall set aside, when available, suitable areas in national cemeteries to honor the memory of members of the Armed Forces and veterans—

"(1) who are missing in action;

"(2) whose remains have not been recovered or identified;

"(3) whose remains were buried at sea, whether by the member's or veteran's own choice or otherwise;

"(4) whose remains were donated to science; or

"(5) whose remains were cremated and the ashes scattered without interment of any portion of the ashes.".

MINIMUM ACTIVE-DUTY SERVICE REQUIREMENT FOR BENEFITS

SEC. 604. (a)(1) Chapter 53 is amended by inserting after section 3103 the following new section:

"§ 3103A. Minimum active-duty service requirement

38 USC 3103A.

"(a) Notwithstanding any other provision of law, any requirements for eligibility for or entitlement to any benefit under this title or any other law administered by the Veterans' Administration that are based on the length of active duty served by a person who initially enters such service after September 7, 1980, shall be exclusively as prescribed in this title.

"(b)(1) Except as provided in paragraph (3) of this subsection, a person described in paragraph (2) of this subsection who is discharged or released from a period of active duty before completing the shorter of—

"(A) 24 months of continuous active duty, or

"(B) the full period for which such person was called or ordered to active duty,

is not eligible by reason of such period of active duty for any benefit under this title or any other law administered by the Veterans' Administration.

"(2) Paragraph (1) of this subsection applies—

"(A) to any person who originally enlists in a regular component of the Armed Forces after September 7, 1980; and

"(B) to any other person who enters on active duty on or after the date of the enactment of the Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981 and has not previously completed a continuous period of active duty of at least 24 months or been discharged or released from active duty under section 1171 of title 10.

Ante, p. 1026.

"(3) Paragraph (1) of this subsection does not apply—

"(A) to a person who is discharged or released from active duty under section 1171 or 1173 of title 10;

"(B) to a person who is discharged or released from active duty for a disability incurred or aggravated in line of duty;

"(C) to a person who has a disability that the Administrator has determined to be compensable under chapter 11 of this title;

38 USC 301 *et seq.*

"(D) to the provision of a benefit for or in connection with a service-connected disability, condition, or death; or

"(E) to benefits under chapter 19 of this title.

38 USC 701 *et seq.*

"(c)(1) Except as provided in paragraph (2) of this subsection, no dependent or survivor of a person as to whom subsection (b) of this section requires the denial of benefits shall, by reason of such person's period of active duty, be provided with any benefit under this title or any other law administered by the Veterans' Administration.

38 USC 701 *et seq.*, 1801 *et seq.*

"(2) Paragraph (1) of this subsection does not apply to benefits under chapters 19 and 37 of this title.

"Benefit."

"(d) For the purposes of this section, the term 'benefit' includes a right or privilege, but does not include a refund of a participant's contributions to the educational benefits program provided by chapter 32 of this title.".

38 USC 1601 *et seq.*

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 3103 the following:

"3103A. Minimum active-duty service requirement.".

38 USC 3103A note.

(b) Section 3103A of title 38, United States Code, as added by subsection (a), shall not apply with respect to the receipt by any person of any benefit provided by or pursuant to law before the date of the enactment of this Act. Notwithstanding such section, a person who before such date has received a certificate of eligibility from the Administrator of Veterans' Affairs for benefits under chapter 37 of title 38, United States Code, is eligible for such benefits after such date.

38 USC 1801 *et seq.*

DELIMITING DATES FOR SURVIVING SPOUSES OF CERTAIN SERVICE-CONNECTED DISABLED VETERANS

38 USC 1712.

SEC. 605. (a) Section 1712(b)(1) is amended—

(1) by inserting "of the following" after "whichever";

(2) by striking out "the date" in clause (A) and inserting in lieu thereof "The date";

(3) by striking out the comma and "or" at the end of clause (A) and inserting in lieu thereof a period; and

(4) by striking out clause (B) and inserting in lieu thereof the following:

"(B) The date of death of the spouse from whom eligibility is derived who dies while a total disability evaluated as permanent in nature was in existence.

"(C) The date on which the Administrator determines that the spouse from whom eligibility is derived died of a service-connected disability.".

38 USC 1712 note.

(b) Subsection (f) of section 2 of Public Law 90-631 (82 Stat. 1331) is amended to read as follows:

"(f)(1) Except as provided in paragraph (2) of this subsection, in the case of any person who is an eligible person by reason of subparagraph (B) or (D) of section 1701(a)(1) of title 38, United States Code, if the date of death or the date of the determination of service-connected total disability permanent in nature of the person from whom eligibility is derived occurred before December 1, 1968, the 10-year delimiting period referred to in section 1712(b)(1) of such title shall run from such date.

"(2) If the death of the person from whom such eligibility is derived occurred before December 1, 1968, and the date on which the Administrator of Veterans' Affairs determines that such person died of a service-connected disability is later than December 1, 1968, the delimiting period referred to in section 1712(b)(1) of such title shall run from the date on which the Administrator makes such determination.".

WAIVER OF PRO RATA REFUND REQUIREMENT IN THE CASE OF CERTAIN INSTITUTIONS

SEC. 606. Section 1776 is amended by adding at the end the following new subsection: 38 USC 1776.

"(d) The Administrator may waive, in whole or in part, the requirements of subsection (c)(13) of this section in the case of an educational institution which—

"(1) is a college, university, or similar institution offering postsecondary level academic instruction that leads to an associate or higher degree,

"(2) is operated by an agency of a State or of a unit of local government,

"(3) is located within such State or, in the case of an institution operated by an agency of a unit of local government, within the boundaries of the area over which such unit has taxing jurisdiction, and

"(4) is a candidate for accreditation by a regional accrediting association,

if the Administrator determines, pursuant to regulations which the Administrator shall prescribe, that such requirements would work an undue administrative hardship because the total amount of tuition, fees, and other charges at such institution is nominal.".

NAMING OF VETERANS' ADMINISTRATION MEDICAL CENTERS

Ioannis A. Lougaris.

SEC. 607. (a) The Veterans' Administration Medical Center in Reno, Nevada, shall after the date of the enactment of this Act be known and designated as the "Ioannis A. Lougaris Veterans' Administration Medical Center". Any reference to such medical center in any law, regulation, map, document, record, or other paper of the United States shall after such date be deemed to be a reference to the Ioannis A. Lougaris Veterans' Administration Medical Center.

Louis A. Johnson.

(b) The Veterans' Administration Medical Center in Clarksburg, West Virginia, shall after the date of the enactment of this Act be known and designated as the "Louis A. Johnson Veterans' Administration Medical Center". Any reference to such medical center in any law, regulation, map, document, record, or other paper of the United States shall after such date be deemed to be a reference to the Louis A. Johnson Veterans' Administration Medical Center.

TITLE VII—EFFECTIVE DATES

Ante, pp. 1026, 1028, 1030.
38 USC 314 note.

SEC. 701. (a) The amendments made by titles I, II, and III shall take effect as of October 1, 1981.

Ante, pp. 1030, 1031, 1033.

(b)(1) Except as otherwise provided in this subsection, the amendments made by titles IV, V, and VI shall take effect on the date of the enactment of this Act.

(2) The amendments made by section 401 shall take effect on December 1, 1981.

(3) The amendments made by section 504 shall take effect as of October 17, 1980.

(4) The amendments made by section 601(b)(1) shall take effect as of October 1, 1981.

(5) The amendments made by section 602 shall take effect on the date of the enactment of this Act and shall apply with respect to veterans admitted to a Veterans' Administration hospital or nursing home on or after such date.

(6) The amendments made by section 603 shall apply with respect to veterans dying before, on, or after the date of the enactment of this Act.

Approved October 17, 1981.

LEGISLATIVE HISTORY—S. 917 (H.R. 3995):

HOUSE REPORT No. 97-179 accompanying H.R. 3995 (Comm. on Veterans' Affairs).
SENATE REPORT No. 97-153 (Comm. on Veterans' Affairs).
CONGRESSIONAL RECORD, Vol. 127 (1981):
July 24, considered and passed Senate.
Sept. 21, H.R. 3995 considered and passed House; proceedings vacated and S. 917, amended, passed in lieu.
Oct. 1, Senate concurred in House amendments with amendments.
Oct. 2, House concurred in Senate amendments.
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 17, No. 43 (1981):
Oct. 17, Presidential statement.

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